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ABSTRACT

In a study to determine patterns of public library funding and to find alternative options for improving library support, the present level of funding has been found woefully inadequate. Total expenditures for public library service in 1971-72 were $184 million. In order to fulfill the public library's role as an information source for people at the local level, expenditures of $1.7 to $2.1 billion would be necessary in 1974. In an examination of alternatives for funding an adequate level of service for the entire nation, the conclusion was reached that a balanced intergovernmental funding system--federal, state, and local--would be most effective. This could be achieved over a ten-year period with increased state and federal support, decreased local support, a revised Library Services and Construction Act, coordinated federal and state planning for a national library services program, and additional federal funds for capital improvements necessary to upgrade services in less well-served areas. (LS)

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ALTERNATIVES FOR FINANCING THE PUBLIC LIBRARY

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A Study

Prepared for the

National Commission on Libraries and Information Science

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by the

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May, 1974

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Prefatory Note

The objective of this study is to define and provide justification for feasible alternative options which hold promise of providing adequate financial support for public library services.

The research plan implemented in the study was designed to examine and evaluate relevant data, information and developmental patterns within the public library, public finance and governmental administration fields. The focus of these efforts was to provide insight and judgment on the general questions: (1) what are the problems in the present pattern of public library financing, and (2) what changes and alternative methods can be proposed to provide a more adequate funding system?

The research focussed on the following areas, all of which are of strategic importance to funding issues:

(1) Role of the public library; characteristics and potential of public library services for meeting present and future societal needs;

(2) Responsibilities, structure, organization, legal basis for public library development and financing at Federal, state and local levels;

(3) General assessment of the existing pattern and nature of public library services in relation to the funding systems;

(4) Public goods theory applied to public library financing as a frame of reference for developing and examining alternative funding systems;

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(5) Differential needs for public library services and differential capacity of states and local governments to support such services;

(6) Comparison and relationships of public library funding systems with other relevant systems of governmental financing, particularly public education finance;

(7) Patterns and trends in state and local government fiscal affairs and taxation problems; and

(8) Impact of revenue sharing including any concomitant changes in the Federal role and intergovernmental fiscal policies.

At strategic points in the study process Government Studies & Systems (GSS) organized and conducted three day-long seminar sessions to review, analyze and evaluate the research design, findings and conclusions of research components, and the formulation of alternative funding options. In addition to GSS and its consultant staff, identified below, these sessions were attended by Ms. Kathleen Molz, former Chief, Planning Staff, Bureau of Libraries and Learning Resources, Mr. Dick Hays, Acting Chief Division of Library Programs and Mr. Charles Stevens, Executive Director of the National Commission. The last of these sessions held in February 1974, included members of the NCLIS Committee with oversight over this study project. This group included: Mr. Louis Lerner, Chairman, Ms. Bessie Moore and Mr. John Velde. GSS expresses its gratitude for the participation of these individuals in meetings which were most productive in carrying forward the study process. Responsibility for findings, conclusions and recommendations in the report, of course, remain with GSS.

Members of the study team included an outstanding group of experts covering, library services development and operations, economics, management, and intergovernmental fiscal affairs. Dr. Lowell A. Martin, Professor of Library Science, Columbia University and Mr. Keith Doms, Director of the Free Library of Philadelphia, represented the library field. Dr. Martin prepared the basic draft of Section II of the report dealing with the public library role issue. Dr. Morris Hamburg, Professor of Statistics and Operations Research, University of Pennsylvania dealt with the examination and application of the public goods theory. Mr. Jacob Jaffe, Senior Analyst, (Ret'd), Advisory Commission on Intergovernmental Relations performed the fiscal analysis and drafted Section III of the Report. Dr. Ronald Whitfield, Assistant Professor of Management, Bucknell University, assisted in the research activities and in the preparation of working papers.

Government Studies & Systems staff assigned to this project included Charles P. Cella, Director, GSS, Arnold R. Post, Charles I. Goldman, John Q. Benford and Sharon M. White. Rodney P. Lane served as Project Director

Government Studies & Systems
April, 1974

Summary

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The central conclusion of this analysis of funding patterns and general assessment of financing requirements for adequately supporting the public library is that the present system is basically deficient. In almost two decades of operation since the direct involvement of the Federal government, the present system has not produced an effective development and distribution of public library services. The distribution of costs among the levels and jurisdictions of government is grossly inequitable and is a prime deterrent to the progressive development of a public library system responsive to the informational-educational-cultural needs of a modern society.

The State of the Institution

Historically, the public library represented a private response to the clearly felt need to provide a central repository of information and knowledge vital to the self-development and economic and cultural understanding of all citizens and, through them, the advancement of the community.

The public library today represents an under-developed national resource affecting and affected by the educational, cultural and overall quality of life in the United States. This resource plays a unique role in this democratic society. It provides informational, educational, and cultural services

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in patterns which vary according to estimates of need, sometimes imperfectly perceived by the library institution itself. More importantly, services vary widely according to the fiscal ability of state, county, and local jurisdictions to provide library services equitably to all the nation's citizens.

Uniquely, and for a variety of reasons, the public library has not emerged or developed in a political or bureaucratic form typical of other social institutions. It exists today largely in its pristine state as an almost randomly distributed pattern of semi-independent local service agencies and systems, only loosely coordinated with other libraries. As a social institution, it is related by tradition and function to the public education system. Yet, it cannot be considered an integral part of public education, nor can it be described as a functional service in the mainstream of government. This set of characteristics represents a heavy liability for public libraries in terms of attaining stable, adequate financial support for a full set of services available to all citizens. The institution's deep roots in the community and its strong civic support represent the public library's principal asset, at least potentially, in striving to develop a viable pattern of services responsive to the full variety of community and individual needs.

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Today, in our highly complex, industrialized and fragmented society, the need for decentralized repositories of information, knowledge and cultural services still exists and perhaps is even intensified. There are still wide socio-economic and cultural gaps in our social structure and quite alienated groups producing needs which have long been the focus of public library servcies. In an era of affluence, there is still the need to provide an ever wider variety of channels of upward social and economic mobility responsive to community and individual needs and selection. There is increasing evidence that our formalized, bureaucratic structures for social, educational and economic advancement have not served adequately or equally well the varied needs of all citizens. Indeed, decentralized, less formally organized social and educational resources such as public libraries are being increasingly seen as valid adjuncts and alternatives to formally structured, governmentally sponsored educational programs.

This is not to say that we should replicate or simply expand the traditional patterns of public library services. Proximity of service to each community and individual remains important, but there are essential changes to be achieved through expanded inter-connecting linkages and networks of library services. These advances are needed to increase service efficiency and more nearly to satisfy cost-benefit

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requirements of the public sector. Modern technology provides vast new means to establish such network linkages and provide the means by which information and knowledge from the accumulated record can be translated for individual utilization. It is unlikely, however, that modern technology can ever replace the printed page or the highly personalized interactive process of consulting the written record. Nonetheless, the style and pace of modern life in an information demanding society requires more than the passive, unobtrusive pattern of public library services that exists today in many communities. Changes such as these, and more, should be incorporated in modern public library services. But, the essential features and functions of providing specialized research, information, and education-cultural services remain at least as much needed as ever in the history of the public library.

Alternative Options for Funding the Public Library

One of the problems in formulating a set of alternative options for funding the public library is the difficulty of estimating the total national cost of a viable pattern of public library services. In this report, some effort has been made to assess fiscally and comparatively the status and level of services which now exists. In general terms, the report has been bluntly critical of the distribution, scope, pattern and content of existing services. It has been noted that total expenditures by states and localities for public library services (including Federal funds) was $814 million in 1971-72.

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An effort has been made to characterize and describe the potential role and functions of the public library in meeting the defined needs of a modern society. The points have been made with emphasis that the present system of funding the public library is basically deficient, and that the institution is an underdeveloped national resource. In its present form and at its present level of expenditure, it has not achieved anything like its full potential of service in most communities.

Based on the $814 million national expenditure noted above, the per capita rate of expenditures in 1971-72 was approximately $4.00. An exemplary program, such as found in Nassau County, New York, cost just under $12.00 per capita in the same year. Current calculations for Nassau County indicate a present cost level of almost $14.00 per capita. It is, of course, impossible to replicate instantly and nationwide the type of library facilities and service coverage found in Nassau County. But, it is within the realm of the possible to propose a national per capita cost range of $8.00-$10.00 as the planning base for an adequate national program of public library services. Total national expenditures might then approximate a range of between $1.7 billion and $2.1 billion, based on 1974 population estimates. This would seem to be a more realistic national expenditure figure on which to formulate a set of alternative options for funding the public library. Start-up and other capital costs required to establish new or expanded facilities are in addition to these figures.

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There is a series of five options that can be considered in developing alternative systems for financing public library services. They can be identified as: (1) status quo, no change from the present system, (2) a retrenchment of the Federal Government financing role, (3) direct Federal funding at a 75-90 percent of total cost level, (4) expanded state funding role to the 75-90 percent level, and (5) a staged funding program moving toward a balanced intergovernmental funding system. These alternatives are intended as a strategic, rather than an exhaustive grouping of possible options. A brief outline of the salient features of each follows:

Alternative Funding Options

1. Status quo

   (a) zero funding of LSCA; complete reliance on revenue sharing

   (b) continuation of LSCA at current or reduced levels

2. Retrenchment of the Federal governmental financing role

   (a) no Federal funds for public libraries and no federal policy with respect to public library development

   (b) variable pattern of state and local support depending upon interest and fiscal capacity

   (c) heavier reliance upon fees, fines and organized voluntary support

3. Federalized system of libraries: 75-90% level

   (a) direct Federal funding according to Federal standards

   (b) strategic and directed distribution of public library services to achieve uniform coverage

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(c) coordinated funding and functional planning of public libraries with other library funding programs under ESEA Title II and the Higher Education Act

(d) full development and employment of technology to maximize services at lowest cost

(e) authority structure related to Library of Congress

4. Dominant state funding role (75-90% range)

(a) minimal Federal role and funding

(b) limited Federal funding geared to inter-state fiscal disparities

(c) relief of local tax burden for libraries

(d) fuller utilization of untapped state tax resources

5. Balanced intergovernmental funding system -- Federal, state and local

(a) increased Federal support to meet upgraded library service and development needs

(b) revised LSCA to reflect strengthened Federal role and mandate, coordinated Federal state planning for a national program of public library services

(c) increased state support to reflect prime responsibility for public library maintenance and development

(d) decreased local support role

(e) staged approach over ten-year period to achieve improved balance in intergovernmental funding pattern ending with Federal - 20 percent, state - 50 percent, and local - 30 percent of a progressively elevated national expenditure for improved and expanded public library services

Of the five options examined in the light of the library service maintenance and development requirements assessed in this report, clearly, the proposed balanced and strengthened intergovernmental system provides the most viable option.

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I. THE PUBLIC LIBRARY FINANCE PROBLEM IN PERSPECTIVE

A. Developmental Factors

A full variety of fiscal and functional issues now confront public libraries. The resolution of these issues will determine whether we are likely to witness the resurgence or the slow but sure demise of an historic American institution. In 1956, with passage of the Library Services and Construction Act's forerunner, a national policy and support program for public libraries was launched. The future of that policy and program, which expended some $500 million over its 16-year history, is now being debated in terms of alternatives ranging from complete elimination to partial reinstatement in revised form. While the level of Federal support was well under 10 percent of the operating expenditures of public libraries, even the most severe critics of LSCA would agree that the program had a most significant impact on activating increased complementary support programs in many states.

On the functional side, there are serious problems concerning the role of the public library, the organization and structure through which public libraries are administered, and the functional relationships between public libraries and other social institutions, particularly library services operated by the public schools.

The Size and Nature of the Problem

The politically quiet posture of the public library, our "taken-for-granted" attitude about its continued existence,

in the face of the increasing information demands of a modern society, sometimes blurs and understates the size and national importance of the financing problem. There are some 1,100 to 1,200 public libraries serving a total of 125 million people in municipalities over 25,000 persons and perhaps as many as 7,000 public libraries in the nation's 20,000 communities under 25,000 persons.

As later detailed in this report, the $814 million (less than $4 per capita) expended by states and localities for public libraries in fiscal 1971-72 was less than that spent for virtually every other domestic service. It was about one-third of the amount spent for local parks and recreation and less than one-sixth the expenditures for police protection. It represented less than 2 percent of state-local expenditures for elementary and secondary schools.

Total general expenditures of state and local governments rose almost 80 percent in the 5-year period 1967-1972, while library expenditures grew by less than 60 percent. By contrast, expenditures for police protection virtually doubled as did spending for health and hospitals. In relation to the increase in personal income during the same period, public library expenditure increased only minimally, while expenditure for police protection and health and hospitals rose by one-third.

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Per capita library expenditures averaged $3.90 in 1971-72 and ranged from a low of $1.58 in Alabama and Arkansas to a high of $7.76 in Massachusetts--a factor of almost five to one. Library expenditures per $1,000 of personal income actually fell in a number of states between 1967 and 1972. Almost half the states showed declines in library expenditures relative to personal income.

All three levels of government--Federal, state and local--participate in the financing of public libraries. The Federal share of library financing differs little from its share of local school financing--7.4 percent and 8.0 percent, respectively, in 1971-72. But here the similarity ends. Only 11.7 percent of library expenditures are financed by the states, leaving about 81 percent of the total bill to be financed by local governments. State support for public education, on the other hand, was at a 40 percent of total cost level while the local share was only 52 percent.

Pertinent Issues in the Development of Public Libraries

The public library is a unique social and cultural institution, but that uniqueness should properly be viewed as both an asset and a liability. Concern over the financing system supporting public libraries has greatly increased recently because of erosions and weaknesses in the fiscal condition of local government and, as described above, because of elimination or cutbacks in Federal categorical aid. The problem has deeper roots, however. It also involves changing perceptions of the role of the public libraries, changing

library service needs and the response to those needs, changing costs and benefits of library services, and changing perceptions of local, state and Federal roles in supporting library services. Public libraries in this country have a rich heritage in private philanthropy. Perhaps it is true, in part at least, that this history has delayed the movement toward a fuller recognition of public responsibility and funding support for library services. This factor, plus the low political visibility of public libraries and the more or less isolated organizational status of libraries with respect to other functions of government, may have retarded development of a more stable, responsive system of intergovernmental fiscal support.

The history and development of public libraries are well documented in the literature, but a variety of origins are indicated. Some credit Benjamin Franklin, that inveterate inventor of almost everything, as the originator of this type of library in America when together with some of his associates he founded a library company in 1731. Others cite 1833 as a beginning date when a small public library was established by a group of civic leaders. The important point is that a link was forged between the library and governmental authority when, shortly before 1850, Boston passed a special law permitting the establishment of a public library and levying an annual tax for its support.

Municipal support for public libraries spread to other cities, but the amount of revenue contributed by municipal

governments to local libraries was rarely very large. The largest contributors to free public libraries were philanthropists: John Jacob Astor gave $400,000 to New York City to establish and maintain a free public library; other philantnropists included Carnegie, Lenox, Tilden, Fiske, and Mellon among others. The list of Andrew Carnegie's benevolences for libraries is tremendous, even by today's standards. Carnegie funds supported the erection of 1,677 library buildings in 1,408 different communities from 1896 to 1923. In one instance, Carnegie donated $5.2 million for the erection of 65 branch libraries in New York City alone. There is no doubt that this philanthropic outpouring of funds was largely responsible for spurring the establishment and growth of public libraries. In the transition from private to public financing, the governmental role was delayed in emerging and may have been more reluctantly assumed.

Few would deny that the public library met the needs of many immigrants in the late 19th and early 20th century. It is of interest that some revisionist historians now see this effort as more elitist and authoritarian than philanthropic. As Michael Harris in a recent Library Journal article puts it:

> In the 1890s came the onset of the "new" immigration from eastern and southern Europe, and an enormous wave of newcomers from Russia, Poland, Austria-Hungary, the Balkans, and Italy arrived in America and settled in the nation's larger metropolitan areas. Many Americans viewed this

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> influx of strangers with alarm and were soon asking the same question that George Ticknor and his fellows had asked some 30 years earlier: "Can we afford to let the foreigner remain uneducated?"
>
> Americans, convinced that education could be the panacea for all their ills, answered with vigorous action. Librarians, like all educators, rose to this new challenge, and programs designed to "Americanize" the immigrant, and thus render him harmless to the American way sprang up in all the major libraries in the country. Librarians left little doubt as to the true purpose of their aggressive new programs. One appropriately named librarian (Miss Countryman) proclaimed in 1903: "I believe still that the library should be an Americanizing institution.... Discontent with surroundings and ignorance are the causes of rebellion and disloyalty to one's country, and both of these the library may help to dispel from the foreigner."1

The philanthropic energy and perhaps some of the motive is captured for us by Jesse Shera's report of a conversation between Mr. Dooley, that perceptive critic of the early American scene, and his friend Hennessey:

> "Has Andhrew Carnaygie given ye a libry yet?" asked Mr. Dooley.
> "Not that I know iv," said Mr. Hennessy.
> "He will," said Mr. Dooley. "Ye'll not escape him. Befure he dies he hopes to crowd a libry on ivry man, woman, an' child in th' counthry. He's given thim to cities, towns, villages an' whistlin' stations. They're tearin' down gas-houses an' poor houses to put up libries. Befure another year, ivry house in Pittsburgh that ain't a blast-furnace will be a Carnaygie libry. In some places all th' buildin's is libries. If ye write him f'r an autygraft he sinds ye a libry. No beggar is iver turned impty-handed fr'm th' dure. Th' panhandler knocks an' asts f'r a glass iv milk an' a roll. " 'No sir,' says Andhrew Carnaygie, 'I will not pauperize this onworthy man. Nawthin' is worse f'r a beggar-man thin to make a pauper iv him. Yet it shall not be said iv me that I give nawthin' to th' poor. Saunders, give him a libry, an' if he still insists on a roll tell him to roll th' libry. F'r I'm humorous as well as wise,' he says."2

Apart from this latter day criticism of these early philanthropic motives, the point to be made is that from the beginning, the public library represented a kind of alternative to public education services. In this sense it was more a traditional than a nontraditional educational resource. As Kathleen Molz has put it, the public library was viewed by some as the last and most independent stage in a hierarchical system of public education. Who could foresee that compulsory public education and the educational revolution led by John Dewey and others would produce a massive, formalized, almost monolithic educational system.

So, the American public library, created to serve informally a wide variety of cultural, educational and informational purposes is described by some as having lost its way in a society which is increasingly complex and fragmented. On top of that, we are part of a continuing revolution in media services and resources which is placing new demands on the traditional role and pattern of services of the public library.

At this stage, the public library is neither an integrated component of the public educational scene, nor is it adequately considered as a general service agency in the mainstream of government. That is the root of the problem. Whether by the particular nature of the services which it performs, or by the traditions of its philanthropic origins,

the public library has remained as a quite separate and somewhat unrelated institution, almost quasi-governmental in nature.

A recent analysis of state library policy points out that strong library programs, under aggressive leadership, can exist in any of our state political environments. The harsh fact, however, is that, whatever the reasons, many states have lagged in the development of adequately supported public library programs. Political leaders and constituencies in this country have not exhibited sufficient concern for progressive public library development designed to meet changing societal needs. The institution continues to dangle on the periphery of the political and governmental scene.

The Role Issue Revisited

The literature of the public library field can be described as peculiarly defensive--particularly in the abundance of writing that deals with the role question. Some writers cite declining readership as evidence of a reduced role, and others raise questions as to whether the public library has lost its social usefulness. Without minimizing the importance of these data in guiding public libraries toward changes in the nature and pattern of services, this kind of evidence cannot be used to validly suggest a diminished role requirement. It can be argued

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that the nation suffers from its failure to make fuller use of the written record and from the diminution of contemplative skills and private perceptions attained thereby. Public education, in a compulsory setting, is increasingly criticized for performance failure and there is mounting concern over the steady ten-year decline in high school achievement test scores. The reason for these failures in part may be related to factors producing a reduced use of the public library. The point is that in coming to terms with these problems we can and should alter radically the forms and structures used in providing public education or public library services, but we cannot conclude that learning itself is no longer relevant to the needs of a modern society, or that public libraries have outlived their usefulness.

Shera's response to the role question is worth noting. He sees the public library in terms of what it can and should do, and what no other agency in society does, or at least can do as well.

> The function of the library, regardless of its nature or clientele, should be to maximize the social utility of graphic records for the benefit of the individual and, through the individual, of society. The library, as a social invention, was brought into being because graphic records are essential to the development and progress of culture; hence, it is important that the citizen have access to those resources that will best enable him to operate effectively in his several roles as a member of society. The public library, as its name implies, has been predicated on

the assumption that it could meet this objective for all strata of the population.[3]

In any event, consideration of public library financing problems should identify and distinguish among the several purposes and publics served by public libraries. The role and service perspective properly should encompass a library clientele which ranges from the most advanced of researchers to children engaging in their first reading experience. In this context, the public library includes, as Lowell Martin puts it in a later section of this report, both the unique collection of the New York Public Library at 5th Avenue and 42nd Streets and the miscellany of donated books in the upstairs room of the local village hall.

The three major functional areas, later defined, which the public library can and should serve are: (1) specialized and research services, (2) information services, and (3) educational-cultural functions and services. The need for these services is broadly defined to include <u>all</u> segments and strata of the general population. In a society featuring the self-realization of each individual, the definition of what is included in specialization, research, information, educational and cultural services is, like beauty and the beholder, in the eye and mind of the seeker--whoever the person and whatever his station in life. The public library is the unique social institution which seeks to meet these widely varying needs.

So, while discussion of the role question should not avoid consideration of performance failures, neither should it ignore intrinsic values and societal needs. It should be recognized that the public library is still functioning, welcoming all comers, providing valuable information and resources, and assisting in the search for knowledge and constructive enjoyment of the world in which we live.

Accordingly, our social institutions and government must recognize more fully the value of the public library and take actions needed to exploit fully its potential through strengthened organizational support and adequate funding systems. The Library Services Act of 1956 represented the first evidence of national government concern with this problem, but it began as a gap-filling device to spur the growth of rural libraries. Moreover, the level of national fiscal support and the funding mechanism established under the Act cannot be described as a full, adequately supported national commitment for public library development. State support has lagged in its development and is also at a low level. Local support carries the brunt of the load in patterns which vary widely in accordance with tax base capacities and, particularly in urban centers, the need for other essential services.

B. Application of the Public Goods Theory to the Funding of Public Libraries

Public library expenditures currently represent only a small proportion of the total cost of governmental services provided by any and all levels of government. The general thrust of this report is to examine the level and assess the pattern of services provided by public libraries, as a basis for outlining alternative funding systems for their support. Such services impact directly on users, but their existence has broader, more indirect effects on individual communities and society at large. Interest and concern have been expressed by the National Commission on Libraries and Information Science and others on the need to explore the public goods theory to assess its relevance to public library finance issues. The objective of this examination is to determine whether the theory can produce guidelines useful in the development of alternative funding systems.

Public Goods Theory: "Private Goods" Versus "Public Goods"

Public goods theory attempts to offer an explanation of what governments do and a justification for what they should be doing. In this connection, the theory provides distinctions between goods (and services) that are privately versus governmentally provided and between goods that are privately consumed and public goods.

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Economists refer to "private goods" as those goods and services for which the consumer who purchases the good pays the full cost to the seller. The transaction takes place in the private sector and the individual consumer is thought of as receiving the full benefit of that good.

On the other hand, "public goods" are transferred in the public sector, and are thought of as providing societal benefits as well as individual benefits. Such goods are not paid for on an individual basis. The pure public good is not restricted in its consumption to particular individuals. The classic example is national defense. This good is available to all in the nation and no one is prevented from enjoying (consuming) it. Furthermore, it is not desirable to attempt to restrict the consumption of such a good to particular individuals. It is neither desirable nor possible to charge a price for a pure public good. Finally, once such a good is provided for some individuals, it can be almost freely provided for others also.

Public goods have been classified as follows:

1. Those services thought of as providing widespread social benefits that are financed from taxes. These taxes generally bear little relationship to individual benefits. These services are part of the "general environment." Hence, user fees

cannot be assessed nor prices charged. Examples of such servcies are national defense, foreign relations, space exploration, public health, and law enforcement.

2. Those services that are also part of the general environment, but for which user fees are assessed. These user fees are determined to cover most or all the costs.

3. In between the above two extremes are a variety of services that could technically be sold at prices to cover costs. For a variety of reasons, however, such services are financed wholly or in part from general taxes and philanthropic gifts. Examples include public housing, sewerage, symphony orchestras, public and secondary schools, and public libraries.

Theoretical Rationale for Funding Services Including Public Libraries

Four reasons are generally cited for public funding of the above described intermediate group of public goods which includes public libraries.

First, at prices or fees to cover full costs, consumers of all or most income groups may buy less of the service than is in their own long-run interest. The reason may be lack of

knowledge or shortsightedness. This argument has been especially prominent in connection with higher education, the belief having become widespread that students and their families may be persuaded by immediate financial considerations to forego investments that would pay off in the long run.,

Secondly, the good or service, though capable of being consumed individually and yielding individual benefits, also provides "external" benefits or by-products to society-at-large in forms that improve the general environment. Higher education, or public libraries, may help produce an enlightened citizenry or may enrich and advance the culture to the benefit of those who never attend college or enter public libraries.

Third, the distribution of opportunity may be widened. The prices of strategic goods or services such as housing, food, health services and education may exclude low income people from opportunity. One way to spread opportunity is to sell such critical goods or services at below cost or no cost.

Finally, the distribution of income may be altered. The price of a good or service may prevent low income people from consuming as much as they might wish or even prevent them from consuming any of it. One way to increase the real income of the poor is to sell goods and services to them at below cost or at no cost. Examples are food stamps, medicaid, and

education at all levels. Sale of particular goods and services at below cost is chosen in preference to grants in cash because society wishes to encourage the consumption of particular goods and services rather than to leave consumer choices up to the beneficiaries.

In practice, all four of these reasons tend to be intermingled. Society wants to accomplish all of these goals simultaneously.

Public Goods Theory Applied to Higher Education Finance

In higher education, lowering tuition below full cost in public and private colleges and universities of all types has been the response to the above-mentioned societal goals. The costs of higher education have been divided between students or their families and "society" as represented by government and philanthropy. Behind this allocation of costs is the idea that this division should be related to the benefits from higher education. But there are two versions of the benefit theory and these are not necessarily congruent: One is concerned with justice in the allocation of costs among different persons and groups. The assumption is made that the beneficiaries should pay and that the costs should be divided among them in proportion to total benefits received.

The other version of the theory is concerned with efficiency in allocation of resources. The assumption is made that when a good or service yields both individual and social benefits, its production should be increased beyond

the amount that would be called for by individual demand alone. This idea applied to higher education means that tuition should be lowered below cost per student until the combined marginal benefits to both individuals and society are equal to the marginal cost. The deficit should be made up from taxes or gifts.

Application of the Efficiency of Allocation of Resources Line of Reasoning to Public Libraries

A strict application of economic principles of efficient allocation of resources would indicate that libraries should not be devoting much of their resources to supplying the informational needs of business or to leisure time activities, which are viewed in economic analysis as private goods and therefore not to be provided for out of public funds. On the other hand, educational functions and direct services to government are viewed as providing public goods. However, no clearcut blueprint for fiscal support of public libraries can be derived from this sort of analysis. Difficult definitional problems arise, for example, in classifying reading as to educational, informational, and leisure time activities. It can be argued that virtually all reading conveys some benefit to society beyond those benefits accruing to the individual engaging in the reading activity. Hence, the appropriate allocation of fiscal responsibility as between private and public sectors cannot be given by any simplistic calculus of internal versus external effects. Also, even if we assume that the proportion of a particular type of public library activity that redounds to the benefit of the general

public could be clearly identified, it is not at all clear what proportions of fiscal support for this activity should be forthcoming from Federal, state, and local levels of government.

A difficulty in the above type of allocation is given by the following example. If "x" percent of a school child's reading of a book borrowed from a public library results in a societal benefit in the form of an improved family and community member and a more enlightened citizen, what proportions of this enhancement accrue to society at the national, state, and local levels? In view of the mobility of our population, the school child who reads a book in a public library of one community may very well live most of his adult life in others. Hence, his contributions will be made in communities other than the one in which he received public library services. Although such an example probably provides a basis of argument for increased fiscal support for public libraries from state and Federal levels of government, the allocation difficulties are manifest.

Use of Public Goods Theory in Developing Alternative Methods of Funding Public Libraries

Despite all of the aforementioned problems, public goods theory can assist in providing a framework for analyses and for casting up normative models against which practical options in public library financing may be measured. Although, as indicated earlier, it may not be very practical to construct

a quantitative calculus for the toting up of benefits for individuals and groups, public funds analysis can help to structure ideas about the relationship between the functions and purposes of public library services and the methods of financing these services. However, considerations of justice and social values are clearly important as well as economic efficiency principles. For example, let us consider a problem of allocation of funds for public libraries among public library systems. Suppose that, since public library service is considered to be socially beneficial, financial support were to be allocated on the principle of maximization of library use. Most of the funds would be distributed to library systems that serve relatively well educated and affluent communities, and relatively little resources would be devoted to communities containing disadvantaged populations.

The question of appropriate fiscal support for public libraries cuts across problems of differential needs for library services, equalization of resources, and consideration of fiscal autonomy and control of libraries. Practical political constraints of Federal, state, and local governmental relationships, the structure of social values, and matters of economic equity and efficiency must all be given due consideration in choices among alternative options for fiscal support of public libraries.

Summary of Conclusions

The economist's "public goods theory" can be helpful in providing a general conceptual framework for the development

and analysis of alternative methods for the financing of public libraries. However, because of the embryonic nature of the theory, it cannot at this time provide specific and detailed guidelines concerning the normative or proper allocation of fiscal support for a complicated public sector activity such as the public library. An optimal or equitable allocation of the costs of public library services involves matters of political philosophy and social values as well as factors of economic efficiency. Hence, any feasible solution to the problem of the appropriate method of fiscal support of the public library institution must be a broad-gauged one that takes into account the whole range of factors and environmental forces which impinge upon that institution. In this context, the following conclusions may be drawn.

1. In view of the multifaceted research, informational, and recreational services provided by public libraries and the widespread public and private benefits derived from these services, public goods theory would support a multilevel system of financing involving Federal, state, local, and private sources of revenue.

2. Although public goods theory provides reasonable guidance on the distinction between services that should be financed from public versus private funds, the theory provides relatively little

counsel on the appropriate allocation of fiscal support among the Federal, state and local governmental hierarchy.

3. Because virtually every activity of public libraries may be viewed as having societal effects, even the delineation between services that produce private rather than public benefits cannot be precisely drawn.

4. The development of equitable and feasible solutions to the problem of public library financing properly must involve a general consideration of economic principles and effective compromises among a large number of often conflicting political, social, and economic factors.

SECTION I

FOOTNOTES

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1. Michael Harris, "The Purpose of the American Public Library: A Revisionist Interpretation of History," Library Journal, Vol. 98, No. 16, September 15, 1973, p. 2512.

2. Jesse H. Shera, "The Public Library in Perspective," The Metropolitan Library, edited by Ralph W. Conant and Kathleen Molz, The MIT Press, Cambridge, Massachusetts, 1972, p. 110.

3. Jesse H. Shera, "The Public Library in Perspective," The Metropolitan Library, edited by Ralph W. Conant and Kathleen Molz, The MIT Press, Cambridge, Massachusetts, 1972, p. 106.

II. ROLE AND FUNCTIONS SERVED BY THE PUBLIC LIBRARY: REAFFIRMATION, REVISION AND PROJECTION

Introduction and Purpose

The preceding review and appraisal of the origins, growth, present status of the public libraries, and a theoretical basis for their support provides a developmental and economic perspective for formulating alternative funding systems. However, any substantial effort focussed on public service funding problems and mechanisms must include analysis and definition of role and functions. This is particularly true in the case of public libraries where, as previously indicated, questions about role and changing patterns of service are current.

What follows is the result of such an in-depth analysis and is presented in terms of the broad categories of functions and services public libraries should provide--now and in the future. The intent is not to document, assess or justify past failures and present service deficiencies, although judgments in these areas are reflected. The analysis is intended to answer two basic questions which, stated bluntly, are:

(1) What is the role, today and in the future, for the public library in meeting defined needs of a modern society? and

(2) What is the general form and nature of the functions and services which the public library should provide?

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The answers to both of these questions are relevant to the design of alternative funding systems for providing adequate fiscal support.

The public library, as it has evolved in the United States, must be seen as a multi-purpose agency. Its clientele varies from the most advanced of researchers to children engaging in their first reading experiences. To one person, the "public library" is the unique collection of the New York Public Library at Fifth Avenue and 42nd Street; to another, it is the miscellany of donated books in an upstairs room of the local village hall. Thus, consideration of public library financing must distinguish among the several purposes and publics served by the institution. These contrasting functions, seen in relation to goals of the national life and in relation to legal and de facto responsibilities for services at the several governmental levels, provide guidelines and constraints for defining the financing requirements of this multi-purpose agency.

This statement seeks to identify the main purposes of the public library and to present these in functional rather than social terms, i.e., in terms of services given and not of social goals achieved. As major functions are identified, they will be related to potential user groups. The analysis thus recognizes that there is limited evidence of social goal attainment. It also recognizes that there is an essential element of faith underlying public maintenance of libraries.

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The same element of faith underlies other governmentally-supported agencies, starting with the schools.

The gap between potentiality and actuality, the failure of the public library to maintain resources and services needed by some people and in some localities while providing these same services for other people and in other localities, is a measure of shortcomings under present sources of funds. The inadequacies of the little library upstairs in the village hall, and equally of the large city library seeking to meet regional demands for recorded knowledge, reflect unfavorably not on the public officials and the professionals responsible for service, but on the structure for funding the institution.

There are three major areas of social, cultural and educational needs in modern society which the public library is uniquely designed to serve. They are: (1) specialized and research services, (2) information services, and (3) educational-cultural services. In no sense can the public library meet all, or even a major part, of these needs, but the institution is an essential adjunctive resource accessible to all who seek to improve the quality of life. A description of these services follows.

A. Specialized and Research Services

The advanced technology, the inter-dependent free enterprise system, the complex governmental structure and the belief in self-realization which characterize the United States all

call for a continual search for knowledge. This search has been a driving force in American life, along with the drive for productivity and the drive for individual freedom. Any diminution in the pursuit of knowledge, like any serious reduction in industrial output or individual liberties, will profoundly alter our way of life.

The search for knowledge is not confined to the university campus and the research laboratory. Application of new knowledge, relating what is learned to practical affairs, is part of the American genius. This task is carried out by individuals in high places and low, and by practitioners in big city and small hamlet. The specialist may be a person who knows more about steel production or foreign markets or children's disabilities or regional literature than any one within a thousand miles--and yet he must consult the record of knowledge. Or the searcher may rank as "specialist" only because he has somewhat more background than other nearby individuals--the local building contractor, the school principal, the resident historian, the personnel director of a local plant--and he too needs recourse to the accumulated record. The function of the professional--doctor, lawyer, engineer--is to relate established knowledge to specific problems; part of this background derives from the professional's training, but part must be searched out as cases arise. There is even the amateur scholar, not a university professor or a research chemist, who is simply investigating on his own the more esoteric sources a library can provide. His search may focus on the newest

discoveries in radio,astronomy or the oldest origins of the American Indian.

Both the pure researcher and the applied practitioner, the national authority and the local specialist, need an organized record of knowledge. The search for the new and the application of the old equally proceed from what is known. Many of the specialized activities of the society start with a visit to the reservoir either as preparation for venturing into the unknown or as preparation for bringing what is known into the daily round of life.

Libraries of various types--academic, private and public--are a primary means for preserving the record. The library is the Delphic Oracle of this knowledge-based society, except that the individual petitioner interprets the signs himself. Even the ancient civilizations had their libraries, and it is their content rather than the pronouncements of oracles that has come down to us.

The public library in one of its guises plays a strategic role in the interpretation and application of knowledge. It is not pre-eminent in supporting pure research, although a few public libraries contribute at this frontier level. But where they have the capacity, these libraries are the resource of the specialist, who in essence is an adaptor and applier of knowledge. This holds not just for the few public libraries of national stature but for agencies with any depth and scope of holdings dotted in regions across the land.

Even the more established of the city libraries have difficulty in meeting the full range of requests for advanced and specialized materials, while called on at the same time to serve as the "other" public libraries outlined below. At this "research" level they seek to cooperate with nearby university libraries, and with state agencies, in systems and networks only partially built and poorly financed if funded at all.

What of the medium-sized libraries in centers without strong academic or industrial research collections--El Paso, Texas is a suitable example? This burgeoning area may not have as many "specialities" as Philadelphia or Chicago or Los Angeles, but its leaders are seeking to plan the economic and social life for a half-million people. Its specialized and research resource, the city public library, is an agency not much stronger than a well-established suburban library, and it stands virtually alone in its region.

And what of the almost one-third of the American people living outside of metropolitan areas? Are the industrial, governmental, health, educational, and cultural needs and problems of Ticonderoga, New York and Bisbee, Arizona necessarily so simple that the application of recorded knowledge is not needed? These and other non-metropolitan areas are part of a specialized society but they lack even the semblance of specialized library service. If technological

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publications are maintained at public expense in the public library for the steel industry of Pittsburgh, should they not also be maintained for the paper industry of upper New York State and the mining industry of southern Arizona. If a diversified collection on pedagogy in the Los Angeles Public Library stands behind the school systems of that metropolitan area, should not comparable back-up be provided for the school systems in Ticonderoga and Bisbee and a thousand smaller centers? If the answer is yes, the next question is not how this can be achieved--modern communication technology can bridge great distances--but the question is from what sources it can be financed adequately.

The public library started as an agency "... to keep the people out of the saloons." Localities, even in early days, saw fit to put public money into such an enterprise. The institution has developed, in one of its metamorphoses, into a source of advanced knowledge for specialists in a complex society. Even in smaller places it is approached for this purpose, though it is seldom able to respond. The individual making the request, in large city and small, may be from outside the local jurisdiction or even from a distance. There is hardly a public library in the country that stops the user at the door if he does not live in and pay taxes in the locality. What started as a neighborhood social agency has evolved--for lack of any other source to appease the demand for knowledge--into an outlet for a national commodity

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that underlies all aspects of modern life. Yet, its financial base has remained the local property tax. Small wonder that the reservoir of recorded knowledge is dry in too many parts of the country, and insufficient to meet growing needs in most. We are trying to carry out our business--economic, social, and personal--without providing sources of the intelligence on which sound decisions must be based. This is not from lack of interest or even from lack of effort--indeed, various commercial, partial and temporary services have sought to fill the void in accessible recorded knowledge--but rather from lack of a financial base appropriate to the demand. This holds true in Baltimore, Cleveland and Los Angeles, as well as in Ticonderoga and Bisbee.

Two alternative approaches are open to try to meet the needs of American society for specialized and research resources through medium-sized and larger public libraries. One is to expand their collections as rapidly as possible, so that El Paso will come to have a public resource as strong as that in Baltimore, and Baltimore as strong as that in New York. The other alternative is to tie the local library into a regional or national network that permits it to draw rapidly on resources over a wide area. The objective is to exploit and capitalize on the special quality of the printed page. This is a resource that is not depleted no matter how often consulted.

The first approach of expansion is the policy that has been followed for the last half century, and it has resulted in uneven and inadequate facilities at advanced and specialized

levels. The second alternative depends on intra- and inter-state networks which do not exist and for which the financial means are lacking.

B. Information Services

Knowledge and information are closely related, and in fact overlap. There would be little point in trying to distinguish between them except that demand for factual information, extracted from the larger body of knowledge, has prompted another of the functions of the public library--that of information center in the community. The demand has come not just from a minority of researchers and specialists but from a wide segment of the population.

At this level the public library is turned to for what may be called specific information rather than organized knowledge. The data sought may be the amount of cholesterol-producing ingredients in eggs, the tensile strength of copper, the voting record of a candidate for political office, the date of a symphony concert, or the price of a stock on the market five years ago. For the student it may be the date and details of the Battle of Austerlitz or the rate of response of B. F. Skinner's pigeons.

If extensive knowledge is needed by specialists to apply theory and principles to the working world, information is needed by all individuals to live and function within that world. They may not know exactly what the terms for the ingredients in eggs mean, they may not contribute to any further

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understanding of these ingredients, but they will decide whether to control their intake of a given food on the basis of information about it. As the knowledge about cholesterol, or any other subject that affects him, is built up by research, the individual wants the facts so that he can act in an informed way.

Information may be needed more by the under-educated than by college graduates, precisely because they have not acquired the information from a long period of formal education or a superior home environment. The under-educated person is disadvantaged, not because of inferior intelligence or weaker willpower, but because of limited information for dealing with life situations as they arise. Adequate information channels are needed at least as much to the inner city and to depressed rural areas as to the more "literate" society.

In providing information, as in the support of specialization, the public library does not have a monopoly but shares the function with many sources. Newspapers, radio, and television report immediate events, and a flow of periodicals reinforces this current distribution. Commercial interests present their story through advertising, and governments maintain a voluminous flow of information. People turn for information to other individuals, including specialists who are well-informed and friends who may be as uninformed as the inquirer. Some people have encyclopedias or other sources in the home or office which, like the specialist's own special

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library, aid them in more predictable searches, but are inadequate beyond a certain limited scope. There is also an increasing information need to evaluate or confirm the tremendous volume and variety of sponsored communication designed to establish certain viewpoints or courses of action. Such communication may contain selected facts and sometimes distorted facts. This need for information and objectivity arises in sensitive areas such as politics, religion, consumer products and community affairs.

Given this ever-present need for information, and the uncertainties of other sources, some people turn to their public libraries. Libraries have responded with the "reference" desk staffed by information librarians and with "reference" collections containing publications of a more specifically factual nature. The count of reference questions handled has continued steadily upward in most public libraries, even where statistics of books circulated for home use have recently declined. Where libraries have organized to handle inquiries by telephone, the rise in demand has been considerable. The Enoch Pratt Free Library in Baltimore, for example, handles over one million inquiries per year, more than half by telephone. At its central unit, this library maintains a specially-trained staff to respond to telephone inquiries. Reference sources are available at arm's reach by means of an ingenious series of rotating shelves.

It would be an exaggeration to claim that public libraries meet all or most unfilled information needs. Repeated studies

have shown that people, in general, do not think of the public library as an information center. Libraries, on their side, too often confine themselves within the limits of their collections. They provide data if it has moved through the process of publication and appears within hard covers, but not if it can be obtained only from reports or journals or directly from organizations or experts. This is another of the partially realized functions of the public library.

Some libraries have been reaching back to gain access to wider information. This may be achieved by linkages with other libraries and information centers, or by establishing direct contact with verified sources. In a few instances computerized data banks are being established. The urban information program in Brooklyn is an example. Other libraries have been reaching forward, not only gathering information, but taking steps to disseminate it, by means of bulletins, reports to agencies and organizations, and communication through mass media. One view of reference service stresses not only information per se--where to obtain a government service, how to get medical help, sources for particular kinds of training--but also advocates follow-up service to be sure the assistance sought is actually obtained.

Unified organization and centralization of information in a pluralistic society is not feasible, and would not be desirable if it were feasible. The public library is one among a miscellany of information sources. But a recognized

and ready-to-serve entry point to the information matrix is desirable when specific sources are not known to the inquirer, or when other sources fail for whatever reason. The public library essentially serves this role: it has at least part of the great welter of facts, and it could stock more. The library has identified and opened contact with various sources of unrecorded information. It should make and maintain more such contacts. Part of its data is organized for retrieval, and additional systems are within reach. The public library has a considerable way to go before it can properly be called the strategic access point to information sources, but it is the most promising conduit that exists. The decision to be faced is how an information agency providing this essential service for the American people is to be financed.

C. Educational-Cultural Function

The public library was advocated by its founders as an informal educational agency for lifelong learning. Many viewed the library as a continuation of the common public schools established early in the 19th century. Others viewed the public library as a means for all to get the benefits of advanced education that were then only open on a formal basis to the few.

Explicit educational aims and programs, slow to develop within libraries, were stimulated by the waves of immigrants before and after the turn of the century and, later, by the adult education movement in the 1920's. In cities the community

libraries served as "schools" for newcomers seeking citizenship and jobs. For more established and educated residents, the larger public libraries developed structured "reader advisory" services, providing planned reading for everything from ancient Egypt to modern art, from child development to salesmanship. Book discussion groups proliferated in libraries, and lectures and film showings were the order of the day.

All this was in response to a search for cultural background on the part of some adults, and to ambitions for economic advancement on the part of others. The collection was the educational resource and the librarian was the guide to its use, thus providing both the "curriculum" and the "instructor" in a form suited to out-of-school adults. In the phrase of the period, the public library was "the people's university." The educational potential of the institution was thus demonstrated.

In recent decades, during which time the formal educational programs and facilities have expanded, the educational aim has become less distinct and explicit. Library staff attention has shifted more to reference or the kinds of information services described above. The largest libraries were able to build subject staffs and collections to service to specialists, the first function outlined above. The readers' adviser as a separate position has disappeared; what reading guidance is provided is given by the information librarian or by the subject bibliographer.

Readers have found a large part of their intellectual and cultural interests increasingly satisfied by a deluge of widely available popular publications, in both book (paperback as well as hard cover) and magazine form. The publisher appealed directly to a growing public that had earlier turned to the public library. Pervasive cultural-educational communication, in many media, now characterizes our social matrix.

The library in turn responded to the proliferation of print by itself stocking these same popular publications, and it retained part of its adult public by this means. In the middle-class sections of cities and in suburban areas, the agency continues to be used heavily for this purpose--in some cases so heavily that planned educational services are never launched. The contemporary public library, in its provision of popular reading, serves much as does a well-stocked bookstore, providing titles in greater demand, duplicating copies when its budget permits. Some people prefer to get such general reading from commercial sources, while others prefer the cost-free selection of the public library.

The social result of meeting the readership need can be characterized more as cultural than educational. Culture is here defined, not in the sense of being limited to literature and the arts, but in the sense of reflecting the interests and concerns of educated people and represented by the popular presentations, analyses and commentaries. A substantial biography of Eleanor Roosevelt is issued, an analyst presents

his views on the rate of change under the title of "Future Shock," a popular book on diets appears, or an analysis of a recent presidential campaign: these are the types of books which many people obtain from their library. By this means, cultural exchange is maintained and prevailing ideas and values shared. The net effect of this part of the public library's program is similar to that of a well-edited magazine of broad interest, or of a book club that caters to the followers of the more substantial popular literature. In its less focussed form, this service by the library shades off into purely or primarily recreational fare, not sharply distinguished functionally from the images on the television tube.

One group of public library users goes well beyond the best-sellers and uses the public collection to survey the range of contemporary ideas and problems. This is neither the specialist, nor the person seeking specific facts, nor the reader of a best selling book. In one sense this is the alert, responsive adult par excellence, carrying on a dialogue with fertile minds on all topics that touch his needs and fancies. For these individuals, use of the public library is not primarily an economic consideration--borrowing a book without charge that they would otherwise have to buy--but rather a matter of intellectual supply and access. The public agency is the only source that has the range and level suited to their inquiring minds.

Another segment of users pursues utilitarian ends. Water-proofing a basement, exploring a different field of

employment, planning a vacation, preparing a talk for a community group--these and other practical endeavors call for consultation of the record. In such use, the non-specialist is using knowledge in much the same way as the specialist, albeit at a less advanced level.

The formal student, in school and college, turns to the public library. Some children in the early school years use the community agency as the door to the world of reading. More advanced students do their kind of "research" in the public library. It is worth noting that resources for students within their educational institutions, in school media centers and in college libraries, have been markedly strengthened in the past decade, and these in-school resources can be integrated into the instructional program. The public library functions more as an auxiliary than as a primary source for the student, serving him when he reaches beyond his school resources and ventures into the larger world of recorded knowledge.

Two educational strains have lately appeared, or re-appeared, in public library programs. One is reaching out to non-users, particularly in the inner city. Part of this effort seeks to relate traditional library resources and references to the particular problems confronting the poor and the under-educated; part aims to modify both the content and the form of the collection and the service role of the librarian to suit this potential user group. A second current effort depends on the

library as the locus of "independent study" at the college level, in self-study programs pursued by individuals seeking degrees without attending formal classes on campus. The librarian in this plan becomes an educational counselor and the collection the body of learning materials.

The extent to which the educational-cultural function of the public library can and should be expanded depends on the quality of life that people will be seeking and on the extent to which provision for that life is considered to be a public good worthy of financial support. Many individuals are searching for purpose and values. Others seek mental and sensual adventure. These are positive experiences for which people aspire, and they result in a different kind of educational-cultural use of libraries than the solving of an immediate problem, or preparation for future accomplishment. We have tended to see education as a means to an end--the competent worker, the informed citizen, the effective parent. As life values and life styles are revised, we may come to see the play of the mind and the play of the senses as worthwhile experiences in themselves. At that stage the public library would become not only the people's university, to be used when they want to learn something, but also the people's cultural center, to be used as part of a full life. Use of media in all forms--aural and visual and tactile as well as graphic--would be seen not just as a solemn preparation

for living but as an aspect of living itself. The librarian in this conception would serve, as do other professionals, as experts in use of resources, not so much to solve problems and attain ambitions, as for self-realization and self-expression.

To the extent that the United States has lost its sense of direction and its citizens face a long period of uncertainty and frustration, this prospect is visionary. But if we are going through a transition period, groping beyond affluence to meaning, a public agency providing the richness of cultural experience may be for adults as important as the school is for children--and it may even be more fun.

D. Technological Applications: Scope and Limits

Advances in computer handling of data and in new forms of tele-communication will facilitate each of the functions of the public library. Potential applications will be touched on here, but only to the extent that they involve funding sources in support of new and emerging patterns.

The first problem confronting the specialist and researcher is to determine what has already been issued on his problem and where it can be consulted. This is a bibliographical question. To answer it requires first a record of what has been published, analyzed as to subject content and indexed under terms that the searcher is likely to use. The record must show where the material is located. This index must be available in some form directly to the specialist. MARC tapes being issued by the Library of Congress takes the

first steps in this direction. Extension of the existing network of bibliographical information is feasible technically, but will call for funds for research and development. Public libraries, if tied into a national bibliographic system, would then have the capacity to inform specialists of what exists in their fields and where it can be obtained.

The next step is to establish access to the documents themselves. In the past some researchers have traveled to the source of reference materials; others have obtained use of material through inter-library loan which entails a delay and sometimes is impractical.

Long-range projections envision the library-in-the-computer with electronic access from a distance, but it is one thing to store and gain rapid access to a finite number of datum involved, for example, in a bibliographical index or an airline reservation system in an electronic memory. It is quite another to store all the concepts and relationships contained in a library of several million volumes and similarly retrieve what is needed on demand. The earlier step will likely be facsimile tele-communication which will permit consultation of a document at a distance. However, unlike extension of the bibliographic information system, this will involve not only further research and development but very substantial investments in equipment.

Computer storage and new communication channels will shortly also affect the information function of the public library. One important prospect is cable TV. The significance of this is not simply that images can be carried to viewers -- standard TV already does this. The significance is that a much larger number of channels will be opened, permitting informational as well as entertainment messages. Also, the communication between the source and the receiver can be two-way. This development will replicate the telephone, except that with cable TV the image is visual as well as aural. The cable itself, however, will not generate information; it will have to connect some source with some seekers. The public library will stand in a strategic connecting-link position in this chain of information. Realization of this project calls not so much for mobilization on a national level, but more within states and metropolitan regions. This prospect involves additional levels of funding sources, between the national and state levels on the one hand and the local tax base on the other.

It must be emphasized, however, that by no means can all needs and problems of access to recorded knowledge and information be solved by new technology. It would be a mistake to put substantial sums into computerized networks without reviewing and improving the total knowledge-exchange system, including intellectual and human components. No

computer can make content available until it is first acquired, and we are short of acquisition programs that assemble all the material that is needed. Nor can the computer reproduce material on demand unless it is first bibliographically organized in a way that dovetails with use, and here again any known scheme falls well short of perfection. This is not a problem of machine capacity but of insight into how knowledge is used and how it should be organized for retrieval.

Limitation in technology as the solution to knowledge-information utilization can be illustrated with the example of tele-communications. We have had two-way communication between information source and information searcher and multiple channel capacity since the invention of the telephone. Yet, neither the library nor other information sources have been fully utilized. Cable TV, it is true, will add the visual image but this may not be the heart of the matter. The human factor as well as machine capacity must enter into the equation.

Education-cultural experience is mental and emotional. Fresh communication channels and information banks can stimulate response and promote understanding in some cases where older forms are not effective, as they have to a limited extent in the classroom. Nonetheless, it would be a mistake to depend on hardware to deal with problems that are rooted

in human motivation. Rather than the computer, or long-distance transmittal of communication, it may be that familiar media forms -- art, film, recordings, models, games -- may retain the greater impact on adult response. The public library has been print-oriented in the past, and it has served that portion of the lives of people that can be captured on the printed page. As it becomes a media center in the community, providing a multi-media environment, the public library will relate to the full range of experience of people as they seek self-realization. Here again any significant advance runs into the question of the sources of funds -- fully developed multi-media libraries cost most than single-media libraries. We have built up an agency for the public provision of books -- where is the agency for similar provision of other forms of communication?

E. Conclusions

The public library is a multi-purpose institution with divergent, but not unrelated, functions. It is also a partially-realized institution; its aims are consistent with American needs and aspirations and the public, in general, accords it a degree of respect. But, as with many other educational and social programs, performance of the institution is not in line with expectations. As concern grows with the quality of life, the past tolerance of a gap between professed goals and actual accomplishments is being challenged on various fronts. The challenge comes from persons outside and within the establishment. A financing base realistically

designed to close the gap would have impact on a wide spectrum of the American people.

The public library is a unique institution which can thrive best in a free society. If one could somehow combine the research division of the New York Public Library, the central unit of the Enoch Pratt Free Library in Baltimore, and the most active of the suburban libraries in California, then attach the structure of the most developed county libraries of the South in order to reach small towns and rural areas, he would have a bulwark of knowledge at the several levels -- specialization, functional information, cultural education -- equal to the needs of the economy, of the public life, and of personal aspirations. But the average public library, the usual agency serving people across the land from metropolis to remote crossroads, is a pale shadow of a research source--a fragmentary information center and a pallid educational force. We have invented a potentially powerful institution and have demonstrated, here and there, that its potential can be realized. But we have tried to nurture this national resource within the confines of a highly circumscribed local fiscal base and inadequate financing measures. We have taken functions that are national, state-wide, regional, and local in impact, and sought to sustain them all with public monies collected primarily to provide distinctly local services.

The belief is emerging that, in a democracy, one cannot educate the child in one locality at one level and the child in another locality at another level, and long maintain the democracy. People affect not just the block on which they own a house and the town in which they live, but they affect the body politic and the entire social fabric. Similarly, knowledge is not a local convenience commodity, like public swimming pools, that can be provided at a high level in one sector and not in another, and long maintain productivity and freedom. The United States must look to its knowledge resources as it looks to its human and natural resources. It has a public agency for the purpose, but it has not worked out a rational financial structure for that agency.

III. ANALYSIS OF FISCAL FACTORS AND INTERGOVERNMENTAL FINANCING PATTERNS

Purpose and Background

With the advent of Federal general revenue sharing and the consequent curtailment of Federal categorical grants for libraries, there is considerable concern regarding the future of the public library system. It is the purpose of this analysis to review the present system of public library financing within the general framework of state and local government finance. In this context, general conclusions can then be drawn regarding alternative means of financing the public library function.

It is, however, a difficult time to draw general conclusions and formulate definitive alternative recommendations applicable to the field of intergovernmental finance. The passage and implementation of general revenue sharing has introduced pervasive factors and forces of unknown potential in basic intergovernmental fiscal arrangements. Some would argue that the concept of revenue sharing was never intended to be linked with a wholesale elimination of federal-state-local categorical aid programs. Certainly, there appears to be rising opposition in the library finance field, and in other program areas, to such a linkage. The effort to revise and combine categorical grants as block grants under the revenue sharing program is now being debated in the Congress. Certain categorical programs have been restored

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or continued and, as discussed elsewhere in this report, a new Federal funding initiative in public library finance is being discussed and may soon be submitted to the Congress. Details of the new initiative, described as a Federal Library Partnership Act, have not yet been fully developed nor made public. However, the President in his education message of January 24, 1974, has defined a new and broader Federal role as follows:

> "While I continue to believe that state and local authorities bear the primary responsibility for the maintenance of public libraries, I also believe that the Federal government has a responsible role to play."

It is, therefore, reasonable to expect that Federal categorical funding support for public libraries, in some form, will be continued. This analysis of the financing patterns for public libraries, and the comparisons with general criteria and other intergovernmental financing patterns should assist the resolution and final development of an improved fiscal base for public library services.

A. The Public Finance Dimension

Recent Trends in Public Library Expenditures

The $814 million (less than $4 per capita) expended by states and localities for public libraries in fiscal 1971-72 was less than that spent for virtually every other domestic service. It was about one-third of the amount

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spent for local parks and recreation and less than one-sixth the expenditure for police protection. It represented less than 2 percent of state-local expenditure for elementary and secondary schools.

Total general expenditure of state and local governments rose almost 80 percent in the 5-year period 1967-72, while library expenditure grew by less than 60 percent. (See Table 1.) By contrast, expenditure for police protection virtually doubled as did spending for health and hospitals. Because personal income grew almost as fast as did expenditure for libraries during the same period, the latter increased only minimally relative to personal income, while related expenditure for police protection and health and hospitals rose by one-third.

Interstate Variations

Per capita library expenditure averaged $3.90 in 1971-72 and ranged from a low of $1.58 in Alabama and Arkansas to a high of $7.76 in Massachusetts--a factor of almost five to one. (See Table 2.)[1] As is the case for expenditure in general, the Southeast registered the lowest per capita amounts, while the Mideast, New England and the Far West spent the largest amounts. Because personal income grew at considerably different rates in individual states, it is not surprising that library expenditure per $1,000 of personal income actually fell

TABLE 1

COMPARISONS OF EXPENDITURES FOR SELECTED STATE AND LOCAL GOVERNMENT FUNCTIONS, 1967 AND 1972

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FUNCTION	1972			1967			% Increase 1967-1972		
	Amount (millions)	Per capita	Per $1,000 pers. inc.	Amount (millions)	Per capita	Per $1,000 pers. inc.	Amount	Per capita	Per $1,000 pers. inc.
Total general expenditure	$166,876	$800.00	$194.70	$ 93,350	$471.79	$160.81	78.8	69.9	21.1
Public libraries	814	3.90	.95	518	2.62	.89	57.1	48.8	6.7
Local schools	45,658	218.88	53.24	27,590	139.44	47.53	65.5	57.0	12.0
Health and hospitals	12,867	61.68	15.01	6,640	33.56	11.44	93.8	83.8	31.2
Police	5,976	28.65	6.97	3,049	15.41	5.25	96.0	85.9	32.8
Local parks & recreation	2,323	11.14	2.71	1,291	6.52	2.22	79.9	70.9	22.1
Population, July 1 (000)	208,596	-	-	197,863	-	-	5.4	-	-
Personal income, cal. '66 and '71 (millions)	857,085	-	-	580,484	-	-	47.7	-	-

Source: U.S. Bureau of the Census, Governmental Finances in 1971-72 and Census of Governments, 1967, Vol. 4, No. 5: Compendium of Government Finances.

TABLE 2

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STATE AND LOCAL EXPENDITURES FOR LIBRARIES, 1967 AND 1972, BY STATES AND REGIONS

	Dollar amount (thousands)		Per Capita		Per $1,000 pers. inc.		Percent incr. or decr.(1967-72		
	1972	1967	1972	1967	1972	1967	Amt.	Per Capita	Per $1,000 inc.
United States	814,181	518,186	3.90	2.62	.95	.89	57.1	48.9	6.7
New England:									
Maine	2,536	2,134	2.46	2.19	.74	.88	18.8	12.3	-15.9
New Hampshire	3,194	2,432	4.14	3.54	1.11	1.28	32.4	16.9	-13.3
Vermont	1,536	1,368	3.32	3.28	.93	1.28	12.3	1.2	-27.3
Massachusetts	44,931	27,401	7.76	5.05	1.71	1.55	64.0	53.7	10.3
Rhode Island	3,192	2,367	3.30	2.63	.81	.87	34.9	25.5	-6.9
Connecticut	15,992	12,733	5.19	4.35	1.04	1.24	25.6	19.3	-16.1
Mideast:									
New York	108,271	60,563	5.90	3.30	1.18	.95	78.8	78.7	24.2
New Jersey	35,481	26,143	4.82	3.73	1.01	1.10	35.7	29.2	-8.2
Pennsylvania	25,155	16,568	2.11	1.42	.51	.48	51.8	48.6	6.3
Delaware	1,520	1,034	2.69	1.98	.58	.57	47.0	35.9	1.8
Maryland	21,989	14,676	5.42	3.99	1.21	1.27	49.8	35.8	-4.7
Dist. of Columbia	8,837	5,668	11.81	7.01	2.00	1.78	55.9	68.4	12.4
Great Lakes:									
Michigan	30,347	24,069	3.34	2.80	.76	.87	26.1	19.3	-12.6
Ohio	22,702	16,712	2.11	1.60	.51	.53	35.8	31.9	-3.8
Indiana	16,913	13,801	3.20	2.76	.80	.91	22.5	15.9	-12.1
Illinois	54,661	28,575	4.86	2.62	1.02	.75	91.3	85.5	36.0
Wisconsin	19,857	13,265	4.39	3.17	1.13	1.07	49.7	38.5	5.6
Plains:									
Minnesota	18,913	9,682	4.67	2.70	1.22	.93	95.3	73.0	31.2
Iowa	8,176	7,770	2.84	2.82	.74	.94	5.2	1.0	-21.3
Missouri	17,688	12,806	3.87	2.78	.95	1.00	38.1	39.2	-5.0
North Dakota	2,176	1,118	3.44	1.75	.98	.73	94.6	96.6	34.2
South Dakota	4,174	1,451	6.15	2.15	1.80	.88	187.7	186.0	104.5
Nebraska	4,988	3,115	3.27	2.17	.82	.75	60.1	50.7	9.3
Kansas	5,772	4,901	2.56	2.15	.61	.75	17.8	19.1	-18.7
Southeast:									
Virginia	15,549	9,357	3.26	2.06	.85	.80	66.2	58.3	6.3
West Virginia	4,238	2,376	2.38	1.32	.73	.60	78.4	80.3	21.7
Kentucky	5,650	5,367	1.71	1.68	.52	.75	5.3	1.8	-30.7
Tennessee	9,601	6,758	2.38	1.74	.73	.78	42.1	36.8	-6.4
North Carolina	17,545	6,209	3.36	1.23	.99	.55	182.6	173.2	80.0
South Carolina	5,038	2,670	1.89	1.03	.61	.50	88.7	83.5	22.0
Georgia	9,231	4,892	1.96	1.08	.55	.46	88.7	81.5	19.6
Florida	17,033	11,276	2.35	1.88	.62	.73	51.1	25.0	-15.1
Alabama	5,445	5,387	1.55	1.52	.51	.74	1.1	2.0	-31.1
Mississippi	4,535	3,939	2.00	1.68	.72	.95	15.1	19.0	-24.2
Louisiana	12,271	7,465	3.28	2.04	1.02	.91	63.7	60.8	12.1
Arkansas	3,135	2.297	1.58	1.17	.52	.58	36.5	35.0	-10.3
Southwest:									
Oklahoma	7,778	5,108	2.95	2.05	.85	.84	52.3	43.9	1.2
Texas	27,263	14,894	2.34	1.37	.64	.55	83.0	70.8	16.4
New Mexico	2,742	1,809	2.57	1.80	.80	.76	51.6	42.8	5.3
Arizona	7,118	3,974	3.66	2.43	.98	.97	79.1	50.6	1.0
Rocky Mountain:									
Montana	2,465	2,678	3.43	3.82	.96	1.45	-8.0	-20.2	-33.8
Idaho	2,585	1,749	3.42	2.50	1.03	1.03	47.7	36.8	--
Wyoming	2,535	1,367	7.34	4.34	1.90	1.56	85.4	69.1	21.8
Colorado	9,530	4,576	4.04	2.32	1.01	.80	108.2	74.1	26.3
Utah	4,201	2,952	3.73	2.88	1.11	1.18	42.3	29.5	-5.9
Far West:									
Washington	22,711	12,003	6.60	3.89	1.60	1.22	89.2	69.7	31.1
Oregon	8,541	5,753	3.91	2.88	1.01	1.00	48.5	35.8	1.0
Nevada	2,177	2,015	4.13	4.54	.88	1.34	8.0	-9.0	-34.3
California	119,233	76,953	5.83	4.02	1.27	1.18	54.9	45.0	7.6
Alaska	1,025	371	6.23	1.36	1.33	.41	445.8	358.1	224.4
Hawaii	5,059	3,639	6.25	4.92	1.37	1.63	39.0	27.0	-16.0

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Source: U.S. Bureau of the Census, Governmental Finances in 1971-72 and Census of Governments, 1967, Vol. No. 5: Compendium of Government Finances. State-by-State data on local library expenditure for 1971-1972 from unpublished underlying

in a number of states between 1967 and 1972. Almost half the states showed declines in library expenditure relative to personal income. In a dozen states, the drop was more than 15 percent.

Governmental Source of Financing

As in the case of local public schools, all three levels of government--Federal, state and local--participate in the financing of public libraries. Indeed, for the United States as a whole, the Federal share of library financing differs little from its share of local school financing--7.4 percent and 8.0 percent, respectively, in 1971-72. (See Table 3.)[2] But here the similarity ends. Library expenditure--both direct and in the form of aid to localities--from the states' own revenue sources comprised only 11.7 percent, leaving about 81 percent of the total bill to be financed by local governments. The corresponding figures for elementary and secondary schools were 40.2 percent and 51.8 percent. In this connection, it should be noted that library aid (LSCA) is a general grant while school aid (ESEA) is targeted for a particular clientele.

The predominance of local financing for libraries and the growing state participation in school financing are pointed up in the last two columns of Table 3. When Federal aid is excluded, states only provided 12.6 percent of library funding and therefore seven-eighths of the non-Federally financed public library bill was borne by local governments. Only 46 percent of non-Federal public school

TABLE 3*

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PERCENT DISTRIBUTION OF STATE AND LOCAL EXPENDITURE FOR PUBLIC LIBRARIES AND FOR ELEMENTARY AND SECONDARY EDUCATION, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATES AND REGIONS, 1971-72

(Dollar Amounts in Millions)

	Public Libraries				Elementary & Secondary Schools				State % of State-Local Expend. from own sources (i.e., excludg. Fed. Aid)	
		% financed by:				% financed by:				
	Amount	Fed.	State	Local	Amount	Fed.	State	Local	Libraries	Education
United States	$814.2	7.4	11.7	80.9	$48,360.0	8.0	40.2	51.8	12.6	43.7
New England:										
Maine	2.5	15.8	10.4	73.8	208.4	2.7	22.4	75.0	12.4	36.9
New Hampshire	3.2	17.4	15.5	67.1	145.9	5.8	6.5	87.7	18.7	6.9
Vermont	1.5	30.5	29.9	39.6	134.8	6.1	33.0	60.9	43.0	35.2
Massachusetts	44.9	9.3	11.6	79.1	1,211.0	5.4	23.2	71.4	12.7	24.5
Rhode Island	3.2	13.9	36.5	49.6	192.2	9.0	25.3	55.7	42.4	38.8
Connecticut	16.0	5.5	12.3	82.1	870.4	2.7	22.4	75.0	13.0	27.5
Mideast:										
New York	108.3	5.4	17.6	77.0	5,664.2	5.8	42.3	51.9	18.6	44.9
New Jersey	35.5	5.0	21.4	73.6	1,950.0	4.6	25.4	70.0	22.5	26.6
Pennsylvania	25.2	10.6	33.1	56.3	2,802.1	6.5	47.0	46.5	58.8	50.3
Delaware	1.5	22.2	4.3	73.5	165.8	7.8	69.6	22.6	5.6	75.5
Maryland	22.0	3.0	14.6	82.3	1,185.7	7.1	43.3	49.7	15.1	46.5
Dist. of Columbia	8.8	4.5	-	95.5	218.5	13.3	-	86.7	-	-
Great Lakes:										
Michigan	30.3	5.3	9.9	84.8	2,393.3	3.8	44.5	51.7	10.5	46.3
Ohio	N.A.	N.A.	N.A.	N.A.	2,195.0	6.2	30.5	63.3	N.A.	32.5
Indiana	16.9	6.0	4.6	89.4	1,233.6	5.4	31.5	63.1	4.9	33.3
Illinois	54.7	5.5	17.6	76.9	2,723.3	6.8	37.8	55.4	18.6	40.5
Wisconsin	19.9	4.3	.4	95.3	1,071.5	4.3	30.4	65.4	.4	31.7
Plains:										
Minnesota	18.9	4.3	3.9	91.7	1,136.5	4.7	48.4	46.9	4.1	50.8
Iowa	8.2	11.1	3.8	85.1	677.8	3.7	31.3	65.0	4.3	32.5
Missouri	17.7	7.6	5.3	87.1	961.4	8.2	33.7	58.1	5.8	36.7
North Dakota	2.2	27.1	5.8	67.0	132.4	11.9	29.4	58.7	8.0	33.3
South Dakota	4.2	12.2	30.2	57.6	142.3	12.5	15.1	72.3	34.4	17.3
Nebraska	5.0	13.7	4.4	81.9	246.5	6.3	17.8	75.9	5.1	19.0
Kansas	5.3	13.1	7.0	79.9	491.3	8.0	27.4	64.6	8.0	29.7
Southeast:										
Virginia	15.5	6.3	10.1	83.6	1,014.5	11.8	33.8	54.4	10.7	38.3
West Virginia	4.2	17.7	13.9	68.5	320.6	13.0	54.9	32.0	16.8	63.2
Kentucky	5.7	14.8	39.2	45.9	529.0	15.6	53.5	29.8	46.1	64.2
Tennessee	9.6	12.7	19.7	67.6	665.2	14.0	44.4	41.5	22.5	51.7
North Carolina	17.5	8.2	19.7	72.1	1,008.7	15.9	62.6	21.5	21.4	74.4
South Carolina	5.0	18.4	15.4	66.3	509.0	18.0	55.0	27.0	18.8	67.0
Georgia	9.2	13.1	35.2	51.6	753.3	13.7	51.8	34.5	40.6	60.0
Florida	17.0	7.2	7.5	85.3	1,352.7	11.3	52.9	35.9	8.1	59.6
Alabama	5.4	17.3	4.4	78.4	487.4	8.1	62.4	19.5	5.3	76.2
Mississippi	4.5	12.5	8.3	79.2	382.3	27.6	48.2	24.2	9.5	66.6
Louisiana	12.2	7.2	2.6	90.1	766.0	14.1	56.0	29.9	2.8	65.2
Arkansas	7.1	18.1	27.5	54.4	288.3	16.6	46.1	37.4	33.5	55.2
Southwest:										
Oklahoma	7.8	13.4	10.9	75.7	445.2	10.8	44.5	44.7	12.6	52.6
Texas	27.3	9.7	2.1	88.2	2,315.4	11.3	47.0	41.7	2.3	53.0
New Mexico	2.7	15.5	12.9	71.7	242.3	19.6	60.0	20.4	15.2	74.6
Arizona	7.1	9.5	6.7	83.8	466.0	9.4	40.1	50.5	7.5	44.2
Rocky Mountain:										
Montana	2.5	16.4	12.5	71.1	159.9	8.5	23.9	67.7	14.9	26.1
Idaho	2.6	15.3	8.4	76.3	147.8	13.0	39.4	47.6	9.9	45.3
Wyoming	2.5	21.3	21.9	56.8	92.8	10.6	33.8	55.6	27.8	37.8
Colorado	N.A.	N.A.	N.A.	N.A.	565.7	8.3	27.5	64.2	N.A.	29.9
Utah	4.2	10.3	8.5	81.2	248.5	9.3	52.1	38.6	9.4	57.5
Far West:										
Washington	22.7	10.0	3.4	86.6	839.6	8.4	49.0	42.6	3.8	53.5
Oregon	8.5	8.7	6.6	84.8	514.7	4.5	19.9	75.6	7.2	20.8
Nevada	2.2	15.4	11.9	72.6	133.5	8.2	39.4	52.4	14.1	42.9
California	119.2	3.8	1.7	94.5	5,600.0	6.8	36.7	56.5	1.8	39.4
Alaska	2.0	18.8	25.8	55.4	138.4	15.5	74.1	10.4	31.8	87.7
Hawaii	5.1	9.3	90.7	-	219.6	8.4	88.7	2.9	100.0	96.9

. - Data not available (Census data incomplete).

rce: Library data computed from U.S. Bureau of the Census, Governmental Finances in 1971-72 and State Government Finances in 1972. School data from National Education Association, Estimates of School Statistics, 1972-73, Research Report 1972-R12.

Technical Note at end of Section III.

expenditure came from local revenue sources. Only six states financed as much as 40 percent of the library costs (Hawaii financed the full bill for libraries and almost all of the school spending).[3] By way of contrast, 21 states absorbed more than half the school costs--a number of them well over half.

At the local level, it is the property tax which dominates public library financing. Public library services are provided mainly by city governments in that about two-thirds of the local cost for libraries ($751 million in 1971-72) was expended by municipalities. Counties account for about 20 percent, and townships and special districts (mainly in Indiana and Ohio), for the remainder. It is apparent, then, that the lion's share of library financing comes from local property taxes--although, by no means all. State and Federal aid provided some $90 million--about 12½ percent--in 1971-72, and, because municipalities provide the bulk of local financing, a significant proportion was provided by non-property tax sources as well as by charges and miscellaneous non-tax revenue. Although property taxes produce about 85 percent of all local tax dollars, only two-thirds of municipal tax revenue comes from that source and about half of the municipal own-source general revenue is from property taxation.[4]

B. Local Fiscal Problems

Public libraries compete for tax dollars with a variety of services that, as has been noted, are primarily the responsibility of municipal and county governments. Put another way, the library function exists in the arena of non-educational public activities, such as police and fire protection, environmental management and control, health and hospital services, housing and urban renewal and social services, which have given rise to the phenomenon known as "municipal overburden." Unlike local schools, public libraries do not generally have the independent status and political insulation of the special district.[5]

Fiscal Plight of Cities

The major cities--those that constitute the core of metropolitan areas--have encountered serious difficulties in financing an increasingly costly body of public service needs. This has been brought about in large part by the demographic and socio-economic shifts that have been occurring since the early fifties. As is pointed out in a recent analysis, by the Advisory Commission on Intergovernmental Relations, of central city-suburban fiscal disparities:

> Central cities, then, are growing more slowly than their suburbs. They are also becoming increasingly nonwhite and exhibit larger proportions of the poor and elderly than do their respective suburbs. This general "sorting out" of these population groups is also accompanied by higher central city crime rates, and a housing market designed to accomodate lower-income populations.[6]

The fiscal implications are clear: the metropolitan centers, relative to their suburbs, are extremely high-tax and high-expenditure jurisdictions. The ACIR findings regarding the 72 largest SMSA's for which it analyzed fiscal 1970 data, can be summarized as follows:

- Per capita expenditure in the central cities exceeded that of their respective suburbs by $150.[7]
- Central city per capita non-educational expenditure was twice that in the suburbs.[8]
- Because household incomes and residential property values were generally lower in the central cities than in their suburbs, central cities had to levy higher tax rates than did their suburbs to raise equivalent amounts of revenue.[9]

These findings, of course, have implications for the public financing of libraries as well as for other aspects of municipal finance. When grouping cities according to population, there is a downward progression in per capita expenditure and revenue as population size declines. (See Table 4.) Thus, for the cities with 1970 populations of 50,000 and over, 1970-71 per capita library expenditure ranged from $5.88 to $3.64. It then dropped precipitously to $1.90 per capita for the 17,664 cities with populations below 50,000. A similar situation held for recreational and police expenditures (albeit at much higher levels than for libraries), as well as for property taxes and other revenue items.

Table 4

Government Studies & Systems (GSS)
Public Library Finance Project
(NCLIS)
Financial Analysis Tables

Per Capita Amounts of Selected Municipal Revenues and Expenditures by Population-Size Groups, 1970-71

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ITEM	All municipalities	1,000,000 or more	500,000 to 999,999	300,000 to 499,999	200,000 to 299,999	100,000 to 199,999	50,000 to 99,999	Less than 50,000
Number of Municipalities, 1967	18,048	6	21	21	17	88	231	17,664
Population, 1970 (in thousands)	132,004	18,771	13,595	7,967	4,233	11,918	16,129	59,387
Expenditures								
Libraries	$ 3.37	$ 5.88	$ 5.51	$ 3.73	$ 3.98	$ 3.53	$ 3.64	$ 1.90
Parks & Recreation	10.90	13.48	18.03	20.06	15.56	13.76	12.02	6.01
Police	26.29	55.40	40.75	27.69	26.26	24.33	20.94	15.44
Revenues								
Total General Revenue	231.62	544.60	341.81	247.04	246.12	224.40	181.68	119.39
Intergovernmental Revenue	73.46	227.50	112.98	69.47	73.23	62.60	42.06	26.99
Property Tax	76.07	148.73	102.98	73.26	84.31	91.98	77.86	43.04
Sales & Gross Receipts Tax	12.56	34.86	18.09	12.24	14.14	8.54	10.11	5.66

Source: Bureau of Census, City Government Finances, 1970-71, Table 4.

It is apparent, then, that large-city policymakers have had to make hard priority choices in allocating scarce resources among various demands they have had to satisfy. The library service has apparently suffered when set against rising crime rates and the need to minister to an increasingly disadvantaged population.

Property Tax Base and Inter-area Disparities

Local financing of libraries depends on the property tax base even more than does school financing. As was noted earlier, 87 percent of non-Federal library financing is from local revenue sources, while local governments finance only 46 percent of the non-Federal school bill.

It follows, then, that library financing is subject more dramatically to the same inter-area disparity situation pointed up regarding school finance in numerous court cases. Briefly--as typified by the California case of Serrano v. Priest--the state courts have held that, because of the uneven distribution of the property tax base among taxing districts (specifically school districts), heavy use of property taxation to finance schools violated the state constitutional mandate that all children in the state are entitled to equal educational opportunities. In other words, the quality of a child's education should not depend on the wealth of his parents and neighbors.[10]

Ample evidence has been amassed concerning the maldistribution of the property tax base within states, both in connection with the school finance cases and by the President's Commission on School Finance. As Table 5 shows, the Commission on School Finance found some tremendous inter-district variations in the taxable wealth (assessed valuation) behind each pupil. Similar relationships would apply to per capita assessed valuations relative to total population. These variations in property tax capacity are equally strong factors in producing comparable inequities in the present system of library financing. The same situation would apply to the financing of all public services that depend heavily on the local property tax base for their support.

Non-Property Tax Revenue and Special Library Financing Systems

Local governments derive a considerable portion of their revenue from sources other than the property tax. In 1970-71, all localities obtained over one-fifth of their own-source general revenue (i.e., excluding state and Federal aid) from service charges, interest earnings and other non-tax revenues. Municipal non-tax revenue was even greater, comprising over one-fourth of own-source general revenue.[11]

Overall figures on non-tax revenue are not available for libraries. The Office of Education, however, provides

TABLE 5

SCHOOL DISTRICT PER-PUPIL PROPERTY VALUATION DISPARITIES, BY STATE

1968/69 Assessed Valuation	Ratio of Max/Min.	Ratio of Max/Min. W/In 5th-95th Percentile	Ratio of Max/Min. W/In 10th-90th Percentile
*Alabama	4.5/1	3.3/1	2.7/1
Alaska	3.9/1	3.9/1	3.9/1
*Arizona	22.2/1	6.1/1	5.3/1
Arkansas	10.7/1	2.3/1	2.1/1
California	24.6/1	5.9/1	3.5/1
*Colorado	11.4/1	4.9/1	2.8/1
*Connecticut	5.7/1	2.9/1	2.3/1
Delaware	5.5/1	2.9/1	2.1/1
Florida	9.3/1	4.2/1	3.3/1
Georgia	4.7/1	2.4/1	1.8/1
*Hawaii	(Property tax revenues not used to support education)		
*Idaho	3.0/1	2.0/1	1.8/1
*Illinois	20.1/1	2.4/1	2.1/1
Indiana	17.4/1	2.7/1	2.1/1
Iowa	5.2/1	2.2/1	1.9/1
Kansas	182.8/1	4.8/1	2.6/1
Kentucky	8.6/1	4.4/1	3.1/1
*Louisiana	13.5/1	3.5/1	2.4/1
Maine	11.2/1	4.2/1	2.4/1
Maryland	2.8/1	2.2/1	1.9/1
Massachusetts	10.4/1	2.7/1	2.2/1
Michigan	30.0/1	3.4/1	2.6/1
Minnesota	5.2/1	2.9/1	2.4/1
Mississippi	5.2/1	2.5/1	2.1/1
*Missouri	29.6/1	4.4/1	2.9/1
Montana	3.1/1	2.0/1	2.0/1
Nebraska	19.0/1	3.8/1	3.3/1
*Nevada	4.0/1	4.0/1	4.0/1
New Hampshire	4.5/1	2.0/1	1.6/1
New Jersey	10.5/1	4.0/1	2.9/1
New Mexico	21.4/1	9.6/1	5.9/1
New York	84.2/1	4.7/1	3.7/1
North Carolina	3.2/1	2.4/1	2.1/1
*North Dakota	1.7/1	1.6/1	1.6/1
Ohio	10.7/1	3.8/1	2.6/1
Oklahoma	22.4/1	4.4/1	2.7/1
Oregon	5.3/1	2.8/1	2.0/1
Pennsylvania	10.5/1	3.8/1	2.6/1
Rhode Island	2.2/1	1.7/1	1.6/1
South Carolina	8.8/1	3.5/1	2.6/1
South Dakota	9.7/1	8.3/1	1.7/1
Tennessee	9.5/1	6.2/1	3.7/1
*Texas	45.1/1	7.4/1	4.6/1
Utah	8.6/1	3.1/1	2.9/1
Vermont	3.3/1	2.3/1	1.8/1
Virginia	6.8/1	2.9/1	2.3/1
Washington	12.5/1	3.6/1	2.2/1
West Virginia	3.6/1	3.0/1	2.3/1
Wisconsin	77.9/1	2.2/1	2.0/1
*Wyoming	6.1/1	4.2/1	2.9/1

*Locally assessed valuation is used for these states. Otherwise, equalized assessed valuation is used.

SOURCE: President's Commission on School Finance, Existing State School Finance Programs, Vol. II, p. 14; Washington, 1972.

data for library systems serving areas with at least 25,000 inhabitants. According to these data, for 1968, 1,057 libraries reported charges and miscellaneous revenue of $36.1 million, or less than 10 percent of those systems' operating receipts excluding amounts received from state and Federal governments.[12]

The State of Ohio uses a unique method to finance public libraries. That portion of the state special property tax on intangibles which is collected by county treasurers (known as the tax on local situs intangibles--mainly stocks and bonds) is retained in the county where it is collected and is earmarked in large part for library systems within the county.

According to a recent study, this financing technique has resulted in the development of "some of the finest local library systems in the nation."[13] Because the intangibles tax revenue accrues mainly to the large urban areas which have the lion's share of intangible wealth, however, the high quality libraries are concentrated in a small number of large cities. According to the Stocker study, there were (in 1970) still many areas in Ohio with little or no library service.

Intangibles taxes collected in a county are allocated among the local governments by a County Budget Commission, which by law must allow the first claim on the revenue to

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library boards. In 1969, 81.5 percent ($43 million) of the local intangibles taxes collected was distributed to libraries.[14] The inherent inequity of a situation where a state tax is returned to the place where the collections originated is quite apparent when looking at per capita county collections of the Ohio local situs intangibles tax. The ratio between the highest per capita collections and the lowest was 16 to 1.[15] This is a classic case of "the rich getting richer."

Professor Stocker points up an interesting political effect of Ohio's system of financing library services.

> ...the preferred position of libraries in access to revenue from the intangibles has shielded them from the necessity of keeping the taxpaying public constantly aware of the community benefits that flow from the public library, and of the necessity for tax support to provide these benefits. Unlike other governmental functions, where support must be sought from the reluctant taxpayer in constant competition with all other public sector claims, libraries had led a comparatively sheltered existence. Not having had to scramble for money, many libraries in Ohio may have neglected to carry their case to the general public. Ohio has not developed a tradition or custom of voting tax support for libraries. Indeed very few Ohioans have any idea how libraries are supported. These facts take on an ominous tone if one considers the possibility of changes in financing that would place libraries in direct competition with other governmental services for the taxpayer's dollar.[16]

Impact of General Revenue Sharing on Local Library Support

The Office of Revenue Sharing in the U.S. Treasury has already (by December 1973) distributed almost $10 billion

to state and local governments. About two-thirds of this goes to cities, counties and townships and the remainder, to states. Revenue sharing funds are distributed to the states and to some 38,000 local units of general government on the basis of formulas that take into account population, income and tax effort. Because neither school districts nor special districts are eligible for the funds allocated to local governments, some library systems--particularly in Indiana and Ohio--do not receive revenue sharing funds directly. It is possible, however, for municipalities and counties to share some of their own revenue sharing funds with such systems.

It is still too soon to assess the impact of revenue sharing on local government finances. Yet, considering that the $4 billion a year that will go to local governments is almost 10 percent of their non-educational own-source revenue, unquestionably revenue sharing funds will help them cope with their fiscal problems.

Early indications are that very little of the revenue sharing funds distributed thus far are going into library services. The Treasury Department's first "planned use" report* notes that only 0.7 percent of some $3 billion

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*A later "actual use" report issued in March 1974 and covering the first three entitlement payments, indicates that local governments spent $18 million for libraries. This total represents only one percent of the $1.8 billion of revenue sharing funds actually expended by local governments during the first half of 1973.

distributed to states and localities for the third entitlement period would go for library services.[17] Next to economic development, this is the smallest amount expected to be used for any function. The lion's share of the funds was intended to be devoted to public safety and education (the latter almost entirely by state governments). Counties indicated that they planned to spend about $11 million of their revenue sharing money for libraries (about 4 percent of the amount expected to be spent for operation and maintenance, and only about 1.5 percent of their total spending, including capital outlay). The cities' intentions were even more parsimonious, so far as libraries were concerned; they intended to spend only $8.6 million for that purpose--only 1.5 percent of their intended operating expenditures from revenue sharing funds and less than 1 percent of their total, including capital outlay.

Thus, although the provision of library services is among the eight revenue sharing priority functions, local policymakers have thus far placed the libraries low on the revenue sharing totem pole. This, of course, is consistent with the position library services appear to hold generally in the local government order of spending priorities.

C. Issues in the State Financing of Public Libraries

In recent years the state governments have been moving toward a more progressive tax structure and one that is more sensitive to economic growth. The need to cope with the economic depression of the 1930's resulted in a rash of state general sales tax enactments--half of the states levied such taxes between 1932 and 1937. A few states, like Wisconsin, Massachusetts and New York already had strong personal income taxes, but although there were a considerable number of such state taxes by the beginning of World War II--including a dozen that were enacted during the thirties--most were of the anemic variety.

Immediately following World War II, accelerating fiscal pressures caused more states to seek new tax revenue, but, again, most of the major tax action occurred in the sales tax field. In its 1965 study of personal income taxes, the Advisory Commission on Intergovernmental Relations urged the states to move more aggressively into the taxation of personal income in order to improve their tax structures.[18] The Commission found, however, that heavy use of personal income taxation by the Federal Government was "the single most important deterrent to its expanded use by the States."[19] It recommended, therefore, that the Federal Government take steps to

encourage more extensive state use of personal income taxes--primarily by allowing taxpayers a credit against their Federal tax liability for part of their state personal income taxes.

Although the ACIR Federal tax credit proposal has not been implemented, continued pressure on state finances since the early 1960's has caused a considerable number of states to consider and to adopt personal income taxes--almost all having already adopted retail sales taxes. There are now 46 states with general sales taxes, 40 with personal income taxes, and 36 with both. Increasingly, state policymakers are recognizing the potential of using a dual state sales-income structure as a means of relieving the regressiveness of the total state-local tax structure. This they are accomplishing through credits against their income taxes for excessive sales and property tax burdens, particularly on low-income families. In the process, the states are making their tax systems more productive as well by tying them more closely to general economic growth. The states are gradually moving toward a high-quality state-local tax system.[20]

Shift of Financing From Local to State Level

Recent aggressive state actions have reflected persistent pressures on the states to take on more of the responsibility to finance the non-Federal share of domestic public

services. And, as Table 6 indicates, there has indeed, been a perceptible shift of financing responsibility from the local to the state level. In the past 30 years, the state proportion of total state-local general expenditure from own sources has grown from 44.3 percent to 52.7 percent. Local schools, by far the major function in terms of state-local expenditure, was largely responsible for the overall shift; the state share grew from 34.9 to 43.3 percent between 1942 and 1971, largely as a result of steadily growing state education aid.[21] The highway and public welfare functions displayed similar patterns, both as a result of growing state aid, and in some instances, the shift of operating responsibility from the local to the state level.

Comparable historical data are not available for the library function. It is clear, however, that, by and large, the states are providing only a small proportion of resources for library support compared to the levels provided for schools, highways, welfare and health services, as shown in the data presented in Table 6. As noted earlier, the overall state percentage for library services was only 12.6 percent in 1971-72. Still, this modest level is considerably higher than it was in the early days of the Federal aid program for libraries. A rough calculation indicates that the states were supplying only about 8 percent

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TABLE 6

PERCENTAGE OF STATE AND LOCAL GENERAL EXPENDITURE FROM OWN REVENUE SOURCES FINANCED BY STATE GOVERNMENTS, SELECTED YEARS 1942-1971

ITEM	1971	1966	1957	1942
Total General Expenditure	52.7%	47.8%	46.8%	44.3%
Local schools	43.3	40.4	37.8	34.9
Highways	74.5	70.9	71.2	67.7
Public welfare	76.1	75.7	71.8	61.4
Health and hospitals	51.5	51.0	51.3	50.0

Source: ACIR, Fiscal Balance in the American Federal System (Washington: October, 1967), Report A-31, Vol. I, Tables A-7, A-9, A-11, A-13 and A-15, and State-Local Finances: Significant Features and Suggested Legislation (1974 Edition -- in Press).

of the non-Federal library revenue in 1962. By 1967, the percentage had risen to about 11 percent.

Strong State Fiscal Position

The fact that state tax structures have been quite responsive to general economic conditions was illustrated dramatically early in 1972 when the effects of increased and new taxes enacted in 1970 and 1971 began to push state tax revenues to such high levels that many governors were predicting substantial general fund surpluses for the fiscal year ending June 30, 1973.[22] The state fiscal position was, of course, also enhanced by the infusion of a substantial dose of revenue sharing funds in late 1972 and early 1973.

A word of caution is in order at this point. For one thing, state surpluses are ephemeral--it does not take long for them to evaporate. Even as the governors were reporting state surpluses for the close of fiscal 1973, they were also presenting plans for using them up in fiscal 1974. Income tax and sales tax rates would be held steady, if not reduced. Property tax relief plans galore were being proposed, and the usual spate of proposals to increase expenditures were being put forth. Furthermore, the surplus expectations were propounded before the present dismal economic outlook (the energy crunch) loomed on the

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horizon. Thus, the possibility that the very sensitivity of state tax structures to the economy could backfire to the dismay of state budgeteers. Should unemployment again push to 6 percent and more next year (some economists see it moving to 8 and 10 percent) the income tax base will deteriorate rapidly and state tax collections will decrease significantly.

State Fiscal Capacity and Effort

To gauge the ability of the states to finance educational costs, the Advisory Commission on Intergovernmental Relations has devised an index of "total tax capacity," based on state personal income estimates modified by a relative tax capacity factor for each state.[23] On the grounds that state policymakers compare their own tax efforts with those of (a) their neighbors, and (b) all states in the nation, the Commission developed three tests of potential tax capacity:

1. Most stringent capacity test--the amount of potential revenue a state could raise if it made the same tax effort as New York--the highest tax effort state in the Nation;

2. Least stringent capacity test--the amount of potential revenue a state could raise if it made the same effort as the highest tax effort state in its region; and

3. Intermediate capacity test--the amount of potential revenue a state could raise if it made a tax effort midway between the highest tax effort state in the Nation (New York) and the highest tax effort state in its region.

Relating each state's actual tax collections for 1970-71 to its potential capacity provides a measure of its "untapped capacity." The Commission found that, under the intermediate capacity test, for example, on average the states had untapped capacity of a little over a quarter of their actual tax collections--more than $25 billion. The untapped capacity ranged from zero for New York (by definition) to less than 5 percent for such high-effort states like Vermont and Wisconsin to over 75 percent for Oklahoma.[24] By this measure, ACIR found that "there are 36 states in a relatively strong fiscal position--with untapped relative tax potential in excess of 20 percent of actual collections."[25]

In this context, the Commission addressed itself to the ability of states to respond to court mandates (such as Serrano) to equalize inter-district disparities in per-pupil expenditure. It estimated, for example, that it would cost the states $4 1/3 billion to raise per-pupil spending in all lower-spending districts to the 80th percentile. It found that only about one-third of the states would have some difficulty accomplishing this goal. These 16 states would have to use more than 20 percent of their untapped capacity (according to the intermediate capacity test) plus their general revenue sharing allotment.[26] Accordingly, the Commission concluded that "Federal intervention is not a prerequisite to State solution of the

intrastate school disparities issue" and "that reduction of fiscal disparities among school districts within a State is a State responsibility."[27]

Impact of General Revenue Sharing on State Financing

As in the case of local governments, it is still too soon to assess the effect of revenue sharing on state financing. There are some harbingers of things to come. For one thing, many of the high property tax states are turning to their general revenue sharing funds as a means of relieving the property tax burden. Michigan, for example, has already taken steps to apply both its 1973 surplus and a large part of its revenue-sahring allocation to a master property tax "circuit-breaker." Its massive program, aimed mainly at relieving the property tax burden of lower-income families, is estimated to cost about $250 million a year. Other states are increasing school aid, and at the same time placing lids on local property taxes for schools--another means of providing property tax relief. On the other hand, a recent attempt in California to reduce taxes and government spending (by applying some $850 million in surplus and revenue sharing funds to this purpose) was turned down by the electorate.

D. Federal Financing of Public Libraries

Federal government involvement in public library financing started in 1956 when the Congress enacted a small

program to aid rural areas lacking adequate library services. Federal aid under this program was only about $8 million a year during the early 1960's.

The Act was amended in 1964 to broaden its scope by encompassing non-rural areas and also to provide library construction aid. Funds were allocated among the states under the 1964 amendments in proportion to total population (previously only rural population was taken into account). Spending authorizations were increased to $25 million annually for library services, and were established at $20 million annually for construction.

The program was further expanded in 1966 to include interlibrary cooperation, and services to the institutionalized and the handicapped, and spending authorizations were increased considerably. Further expansion of the program was promised by Congressional action in 1970, which raised authorizations for library services by annual steps from $112 million for fiscal 1972 to $137 million for fiscal 1976, and for library construction, from $80 million for fiscal 1972 to $97 million for fiscal 1976. Authorizations for interlibrary cooperation were also raised.

Even in 1967 there was a gap between Congressional promise and performance. Thus, for that year, appropriations for library services were 75 percent of authorizations; and the situation has been deteriorating steadily.[28] By fiscal 1973 the flow of Federal library aid had slowed to a dribble

and the prospects for fiscal 1974 and subsequent years are dim indeed!

Although the effectiveness of the formula for allocating Federal library aid on the basis of population in meeting differing needs for library services can be questioned, none doubt that the program has at least stimulated state participation in the program. The aid is channeled through the states to the localities in accordance with required state plans. Some of it has been used to establish state library services where they did not exist previously and to improve such services where they were already in place before the 1956 enactment.

Along with numerous other categorical grants, library services and construction appear to have become victims of the "New Federalism" philosophy of the present Administration. Despite repeated denials before Congressional committees by representatives of the Executive Branch that general revenue sharing was not intended as a replacement for categorical grants, recent impoundments of appropriated funds and proposed cuts in the 1974 Budget are being defended in part on the grounds that revenue sharing funds <u>can</u> be used to supplant the reduced categorical aids. Grant consolidation efforts--in the name of <u>special</u> revenue sharing--will undoubtedly provide a rationale for further decimating categorical grant programs. Whether a true intergovernmental policy will be developed--one that considers the different functions of general revenue sharing, grant consolidation and categorical grants--remains

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to be seen. In the very first recommendation of its "fiscal balance" report, the Advisory Commission on Intergovernmental Relations called for such a policy (a "new Federal aid mix"):

> The Commission concludes that to meet the needs of twentieth century America with its critical urban problems, the existing intergovernmental fiscal system needs to be significantly improved. Specifically, the Commission recommends that the Federal Government, recognizing the need for flexibility in the type of support it provides, authorize a combination of Federal categorical grants-in-aid, general functional bloc grants and per capita general support payments. Each of these mechanisms is designed to, and should be used to meet specific needs: the categorical grant-in-aid to stimulate and support programs in specific areas of national interest and promote experimentation and demonstration in such areas; bloc grants, through the consolidation of existing specific grants-in-aid, to give States and localities greater flexibility in meeting needs in broad functional areas; and general support payments on a per capita basis, adjusted for variations in tax effort, to allow States and localities to devise their own programs and set their own priorities to help solve their unique and most crucial problems...[25]

E. Sorting Out The Federal, State And Local Roles In Financing Library Services

What should be the respective roles of the three governmental levels in financing public libraries? A corollary question might be posed: If it is generally agreed that the present expenditure for public library services is too low--that it should be raised to, say, $2 billion--which level of government should pick up most of the tab?

There is no consensus regarding the "right" allocation of the cost of financing a particular function among governments. While it is generally recognized that some functions have more spillover effects than others, there has yet to be

devised an accurate measure of such effects. Does 10 percent, 50 percent, or 90 percent of the benefits from educational expenditures accrue to the "National public," the "state public," or the "local public?" How much of the police function is local? How much state? How much Federal? Are fire services and trash collection services strictly local? Are the spillover effects of library services about the same as they are for education?

Some of these questions are dealt with in the section of this report which analyzes the impact and relevance of the public goods benefit theory.

In the final analysis, however, the extent to which Federal or state--or even local--policymakers agree to participate in financing particular functions boils down to the interplay of political judgments. It was not until "law and order" became an intense political issue at the National level that the Federal Government began to provide substantial aid for local police protection. When the Nation was plagued by a severe depression it became obvious to the Federal policymakers that states and localities needed help in dealing with unemployment and the resultant social problems. The apparent need for an extensive highway network for national defense purposes and for meeting the requirements of a highly mobile society impelled the Congress to enact a gigantic highway program in the 1950's.

Interestingly, the need for library services was first perceived by the Federal policymakers as a rural problem. The solution, from that vantage point, did not require a massive infusion of Federal funds--merely a small amount of seed money to encourage the states to do something about the lack of library services in their rural areas. As the program progressed and the library problem was brought up before Congressional committees periodically, some committee members developed interest and expertise, and, as states built up their own library staffs in response to the Federal program, the inevitable Federal-state "vertical functional bureaucracy" operated to expand the program. As the history of substantive legislation in regard to library services shows, each successive amendatory enactment has extended and expanded the program to encompass additional services and to broaden its scope. Legislative spending authority, thus, has increased tremendously over the years. But, as with many other categorical aid programs, particularly those supporting social programs, executive and legislative budget makers have seen fit to stem the spending tide.

It is conceivable that the substantive (program) committees of Congress will eventually prevail, and that Federal library aid will start to flow again. However, it is not likely that such aid will grow very much beyond recent LSCA levels of 7-8 percent unless there is a new realization of the importance of public libraries and the vital nature of the Federal role in their support. Should general revenue sharing prove successful and be

expanded after 1976, that is, if states and localities convince the public (and consequently the Congress) that they can, indeed, manage and support adequately their own programs and services--categorical aids may well be curtailed. This could, then, lead to the development of the "new Federal aid mix" proposed by the Advisory Commission on Intergovernmental Relations. Thus, the library function in the U.S. Office of Education could range from mere technical-assistance, statistics-gathering and related duties to a broad fiscal support program with administrative responsibilities. Among the possible programs representing candidates for expansion might well be Title III of LSCA--interlibrary cooperation--to help the financially ailing urban centers make available to the general public the specialized library resources they have amassed over the years.

The Case For Increased State Financing

Any significant increase in library funding must come from the states. Thanks to the Federal library services and construction program, the states, without exception, now have the organizational structure--and in many instances the leadership--to guide the development of library services. Moreover, as has been demonstrated, the great majority of them have developed, or are in the process of developing, highly productive revenue systems.

Just as there is geographic interstate diversity in the ability to finance public services, there are inter-regional diversities within states. As has been noted, this is as applicable to library services as it is to the financing of schools.

These intrastate service inequalities can be handled much more readily when the funding is done on an areawide rather than on a local basis. When the state picks up a substantial portion--say 50 percent--of the funding, it has an opportunity to equalize the resources among local library systems. This it can do by taking over some functions directly and offering equalizing grants for others. Thus, a state might use its own borrowing and taxing power to build libraries--the state itself would hire the architectural services and let the building contracts. Library buildings would be placed regionally in accordance with a statewide plan. At the same time the state would be in the position of offering library services wherever they are needed. The services would be provided locally, but state grants would take into account both needs and local fiscal ability.

Several states now provide library aid on an equalization basis--among them are Illinois, California and Maryland. The amounts involved, however, are generally too small to have much of an effect on the level of library services. Other states, like New York and Pennsylvania, use their aid funds to encourage regionalization of local library services.

The Case For Local Areawide Financing

In all likelihood local government will continue for the foreseeable future to play a major role in the financing of library services. At the very least, the financing base

should be broadened to encompass entire counties, rather than be left to the exigencies of a fractionated base inherent in municipal, school district and special district library systems. The disparities that exist as among central cities, wealthy suburban enclaves and poor rural areas can be smoothed out considerably by marshalling the taxable resources of a broad economic area to finance a diversified library system.

Where necessary, library financing should extend beyond county borders to encompass two or more counties. For example, a two or three county metropolitan area could become the financing base for a metropolitan library system. A uniform property tax levy extended over an entire metropolitan area would draw the largest sums from the high value areas and, in the manner of power equalization, the proceeds would be redistributed in accordance with actual library needs.

F. Summary Findings and Conclusions

The preceding analysis of fiscal factors in the financing of public libraries supports the following general conclusions.

1. State and local expenditure for public libraries is extremely small relative to spending for other domestic services and has been growing more slowly than the state-local sector generally.

2. Until its recent curtailment the Federal Library Services and Construction Act (LSCA) has been financing about 7 percent of state-local library expenditure for public libraries.

3. Notwithstanding a new Federal initiative under the so-called Library Partnership Act, there may be little likelihood that substantial Federal library aid will be forthcoming in the foreseeable future. Pressure should be maintained, however, to ensure that the Federal government retains responsibility for a fiscal role designed to further stimulate the states to increase their support for expanded local public library services.

   At the minimum, the Federal government should provide funds for research and demonstration grants for innovative projects, the expansion of the inter-library cooperation program, and the expansion of data gathering and research functions.

4. LSCA has been instrumental in encouraging some growth in state government participation in library financing, but the level of fiscal response in most states is inadequate.

5. Library financing, then, falls almost entirely on the local level and therefore is subject to the exigencies of increasing local fiscal problems and financing disparities.

6. State governments have been moving toward a more productive and economy-sensitive revenue structure.

7. With few exceptions, states have the fiscal capacity to pick up any slack resulting from curtailment of Federal library aid and, indeed, to increase their participation in library financing.

8. A substantial shift in library financing from the local to the state level (at least 50 percent of the non-Federal cost) would raise the general level of library expenditure and at the same time help eliminate interlocal disparities in the provision of library services.

9. At the local level there is a need to strengthen the organizational structure for the financing and delivery of library services. Steps should be taken to develop means for areawide financing. Organizationally, the library function should be brought into the mainstream of the local political structure.

SECTION III

FOOTNOTES

1. The District of Columbia, with a 1971-72 per capita expenditure of $11.81, is excluded from this analysis.

2. See the "technical note" at the end of this paper for an explanation of the procedure for constructing the "governmental source of financing data" used here.

3. It should be noted that the state share of library financing may be understated to the extent that state aid for general local support (a form of state general revenue sharing) is applied to library services. Thus, although Table 3 indicates that the State of Wisconsin provides only 0.4 percent of library financing, about 40 percent of its state aid expenditure is for general local support. Wisconsin, however, is an extreme case in this regard. For all states in total, only 10 percent of the state aid expenditure is for general local support, and some states provide little or no such aid to their localities.

4. Advisory Commission on Intergovernmental Relations, Financing Schools and Property Tax Relief--A State Responsibility (Washington: January 1973), A-40, p. 16.

5. Indiana is the only state where library services are provided virtually across the board by independent special districts. In Ohio, a substantial portion of library services is provided by independent school districts, as well as by special districts and, in a few instances, by municipal governments. It should be noted, however, that many library systems, while nominally dependent agencies of municipal and county governments, do exist under the quasi-independent umbrella of library boards which often take on the political insulation characteristics of special districts.

6. ACIR. City Financial Emergencies--The Intergovernmental Dimension (Washington: July 1973), A-42, p. 120.

7. Ibid., Table B-22.

8. Ibid., Table B-23.

9. Ibid., Tables B-8 and B-10.

10. For an analysis of the various school financing cases, see ACIR, Financing Schools and Property Tax Relief--A State Responsibility (Washington: January 1973), A-40 Chapter IX.

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11. U.S. Bureau of the Census, Governmental Finances in 1970-71, Table 4 and City Government Finances in 1970-71, Table 1.

12. U.S. Department of Health, Education and Welfare, Office of Education, National Center for Educational Statistics, Statistics of Public Libraries Serving Areas With at Least 25,000 Inhabitants, 1968 (Washington: U.S. Government Printing Office, May 1970), Table 1.

13. Frederick D. Stocker, Financing Public Libraries in Ohio (Columbus: Ohio Library Foundation, March 1971), p. 1.

14. Ibid., p. 13. The Census data on library expenditure for Ohio ($22.7 million for 1971-72) are drastically understated. Apparently a major portion of this understatement stems from the fact that many library boards in that state operate as part of school districts and the library finances for such boards are reported in census statistics together with school district finances. The missing portion would then be reported by the Bureau of the Census as "local schools" rather than as "libraries." This situation is apparently unique to Ohio as similar gross understatements were not found in the other states.

15. Ibid., p. 23.

16. Ibid., p. 3.

17. Department of the Treasury, Office of Revenue Sharing, General Revenue Sharing--The First Planned Use Reports (Washington: September 24, 1973), p. 7.

18. ACIR, Federal-State Coordination of Personal Income Taxes (Washington: October 1965), Report A-27, p. 13.

19. Ibid., p. 111.

20. For a discussion of the elements necessary to achieving a high-quality tax system see, ACIR, Fiscal Balance in the American Federal System (Washington: October 1967), A-31, Vol. 1, p. 132 ff.

21. As shown in Table 3, the state portion rose to 43.7 percent in 1971-72, and preliminary NEA estimates indicate a further rise to 44.5 percent in 1972-73.

22. National Journal, June 30, 1973, p. 936.

23. ACIR, Financing Schools and Property Tax Relief--A State Responsibility (Washington: January 1973), Report A-40, p. 109.

24. Ibid., Table 36.

25. Ibid., p. 114.

26. Ibid., Table 41.

27. Ibid., p. 9.

28. ACIR, The Gap Between Federal Aid Authorizations and Appropriations (Washington: June 1970), Report M-52, pp. 23 and 24.

29. ACIR, Fiscal Balance in the American Federal System (Washington: October 1967), Report A-31, Vol. 1, p. 5.

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Technical Note on Table 3 Data Compilation

The information on governmental source of library financing presented in Table 3 was constructed from Census data as follows:

1. It is assumed that most Federal aid for libraries is paid to the states. Figures for 1971-72 on state inter-governmental revenue from the Federal government for libraries are not published in State Government Finances 1972, but are readily available in Census worksheets. These were supplied by the Governments Division and were used as the Federal component for each state.

2. The Census report, State Government Finances in 1972, provides data on state expenditure for libraries, with separate figures for direct state expenditures (state library, supervision of local library services, and the like) and for state payments to local governments (including Federal aid funds channeled through the states). Deducting the Federal inter-governmental revenue figures from the total state library expenditure figures yields state own-source expenditure for libraries.

3. The Census report, Governmental Finances in 1971-1972 (soon to be published), does not present separate state-by state figures on local expenditure for libraries (although national totals are presented). The state-by-state figures are, however, developed separately and were drawn from a computer run available in the Governments Division. From these figures were deducted the state and Federal aid amounts (see paragraph 2, above) to arrive at library expenditure from local sources.

IV. ALTERNATIVE SYSTEMS FOR FUNDING THE PUBLIC LIBRARY

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A. Summary of Findings

The central conclusion of this analysis of funding patterns and general assessment of financing requirements for adequately supporting the public library is that the present system is basically deficient. In almost two decades of operation since the direct involvement of the Federal government, the present system has not produced an effective development and distribution of public library services. The distribution of costs among the levels and jurisdictions of government is grossly inequitable and is a prime deterrent to the progressive development of a public library system responsive to the informational-educational-cultural needs of a modern society.

General Conclusions

Historically, the public library represented a private response to the clearly felt need to provide a central repository of information and knowledge vital to the self-development and economic and cultural understanding of all citizens and, through them, the advancement of the community.

The public library today represents an under-developed national resource affecting and affected by the educational, cultural and overall quality of life in the United States. This resource, which is unique to this democratic society,

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provides informational, educational, and cultural services in patterns which vary according to estimates of need, sometimes imperfectly perceived by the library institution itself. More importantly, services vary widely according to the fiscal ability of the more than 10,000 state, county and local jurisdictions to provide library services equitably to all the nation's citizens.

Uniquely, and for a variety of reasons, the public library has not emerged or developed in a political or bureaucratic form typical of other social institutions. It exists today largely in its pristine state as an almost randomly distributed pattern of semi-autonomous local service agencies and systems, loosely coordinated with other libraries and almost quasi-governmental in nature. As a social institution, it is related by tradition and function to the public education system. Yet, it cannot be considered an integral part of public education, nor can it be described as a functional service in the mainstream of government. This set of characteristics represents a heavy liability for public libraries in terms of attaining stable, adequate financial support for a full set of services available to all citizens. The institution's deep roots in the community and its strong civic support represent the public library's principal asset, at least potentially, in striving to develop a viable pattern of services responsive to the full variety of community and individual needs.

Today, in our highly complex, industrialized and fragmented society, the need for decentralized repositories of information, knowledge and cultural services still exists and perhaps is even accentuated. There are still wide socio-economic and cultural gaps and quite alienated groups in our social structure producing needs which have long been the focus of public library services. In an era of affluence, there is still the need to provide an even wider variety of channels of upward social and economic mobility responsive to community and individual needs and selection. There is increasing evidence that our formalized, bureaucratic structures for social, educational and economic advancement have not served adequately or equally well the varied needs of all citizens. Indeed, decentralized, unorganized (if you will) social and educational resources such as public libraries increasingly are being seen as providing valid adjuncts and alternatives to governmentally sponsored formally structured educational programs.

This is not to say that we should replicate or simply expand the traditional patterns of public library services. Proximity of service to each community and individual remains important, but there are essential changes to be achieved through expanded inter-connecting linkages and networks of library services. These advances are needed to increase service efficiency and to more nearly satisfy cost-benefit

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requirements of the public sector. Modern technology provides vast new means to establish such network linkages and provide the means by which information and knowledge from the accumulated record can be translated for individual utilization. It is unlikely, however, that modern technology can ever replace the printed page or the highly personalized interactive process of consulting the written record. Nonetheless, the style and pace of modern life in an information demanding society requires more than the passive, unobtrusive pattern of public library services that exists today in many communities. Changes such as these, and more, should be incorporated in modern public library services. But, the essential features and function of providing specialized research, information, and educational-cultural services remain at least as much needed as ever before in the history of the public library.

Federal Level

It is obvious that the amount and extent of Federal funding has been small and has far from realized the expectations of the LSCA designers. The impact of revenue sharing, in addition to the elimination of Federal categorical aid, could have other severe effects on the future development of public library services because it (1) provides the states with an opportunity to reduce or eliminate their matching fund contribution, and (2) leaves local public libraries with the need to face local political and fiscal

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decision-makers with increased budget requests due to Federal and state cut-backs. The problem will be especially severe in urban areas because of the classic mismatch of needs and resources in such areas, and with respect to regional library networks which operate on a state-provided fiscal base. Reports on the proposed and actual use of revenue sharing funds do not provide much hope that public libraries are receiving, or will likely receive, priority consideration in applying for these funds.

Beyond the political dimension of the current revenue sharing versus categorical grant battle, there is broad justification for continuation of substantial Federal funding. Public libraries represent an activity and service, the benefits of which, in the terminology of modern public goods theory, extend beyond the individual and his local community. Moreover, for the reasons cited earlier, funding in support of public library services is a relatively late entry into the Federal and state financing scene. Substantial and direct Federal financing is particularly appropriate to provide national services and linkages, to meet inter-state disparities, and to assist in the upgrading of this service to a desired level. The continuing importance of public libraries as an information resource and a civilizing force in an imperfect modern society is ample evidence of need for continued Federal involvement and support.

A word should be said about the Library Services and Construction Act. Perhaps it was the best measure that could be developed a decade ago. Nonetheless, as a fiscal subsidy method, the LSCA provisions represent a rather crude mechanism utilizing factors more appropriate in a tax redistribution scheme than a goal oriented aid system. The total cost of the "floor" ($200,000 - Title I, $100,000 - Title II, and $40,000 - Title III), representing the minimum grant to each state, could equal $17 million, or nearly 30 percent of the 1972 total appropriation of $58.6 million. That seems to be an expensive underwriting of the status-quo in a functional area where directed expansion and development are needed. It is difficult to achieve planned objectives under this kind of arrangement.

The LSCA makes heavy use of the plan device in the administration and utilization of Federal funds. This is a valid technique, but it requires intensive staff evaluation, including revision, of submitted plans, and the kind of administrative-political clout required to reduce or cut off funds if the state plan or its implementation do not meet standards.

In the present turbulent environment of intergovernmental fiscal affairs, leaders of the public library field now face a new opportunity and a new challenge. The present LSCA expires in 1976. Through the activity and hard work

of many people, there is emerging a new recognition of the importance of the public library as a viable institution in a modern society. The President's statement, in his January 24, 1974 Education Message to the Congress, cited earlier in this report, can represent potentially a new and important commitment. Moreover, the nature of the commitment is not necessarily limited to a narrow single-purpose objective. Under this new initiative, a legislative program referred to as a Library Partnership Act is now being formulated. Whatever the legislative title, as it finally emerges, this action represents an opportunity to implement an appropriately strong Federal role, and to improve the total public library funding system.

State Level

As of 1970-71, a total of 35 states authorized some form of state aid to public libraries, however, only 23* states made appropriations for this purpose. The total amount appropriated was $52.5 million of which nine states appropriated $45 million or 82 percent of the total for all states. New York State alone appropriated $15.5 million, or about one-third the total for the nine states. This indicates, of course, that in the majority of states the aid system for local public libraries operates at a nominal or minimal level.

*Excluding Hawaii where all library services are state funded.

A later (1972-73) analysis by the Bureau of Library and Learning Resources (now the Division of Library Programs) noted that 13 states had no legislative provision for a support program. An additional nine states which have direct assistance programs provided less than $200,000 per year. Thus, 44 percent of the states either make no financial effort to support local library services, or provide amounts which must be viewed as nominal. While LSCA can be credited with activating state concern and some degree of fiscal response, it is apparent that many states still have a long way to go in providing an adequate financial base for public library services.

There are three primary types of systems for disbursing state aid. Four states--California, Illinois, Michigan, and New York--use the plan device and require local libraries to submit plans stipulating reorganization of the library system as a "separate legal entity," providing wide access, designation of a headquarters library, and providing "adequate" local tax support. A second model is used by Pennsylvania, Rhode Island, Massachusetts and New Jersey. This approach uses elements of the total system notion and establishes several strata of libraries with regional or district level responsibilities. Such libraries may receive separate state funding. A third method, described as the Maryland approach, is a modified matching system in which the state provides a fluctuating percentage of local library revenues.

Basic governmental principles and fiscal structure considerations guiding state level involvement in funding public libraries are widely recognized. Clearly, the state has the basic governmental responsibility and the fiscal resources for the development and equitable distribution of public library services to meet the needs of all its citizens. In determining an appropriate level of public library funding from state sources, consideration should be given to developments in public education financing. In that field, a recommended course of action made by a number of prestigious study groups, including the Advisory Commission on Intergovernmental Relations and the President's Commission on School Finance, call for full state funding (90 percent level) of the costs of public education. The basic factors which support these conclusions are also germane to the public library field: (1) differential need for educational services to meet the requirement of equalized opportunity, and (2) inter-jurisdictional fiscal disparities for the equitable support of public education. The Serrano v. Priest case carried this issue to the courts. The Rodriguez v. Texas decision by the U.S. Supreme Court invalidated the Constitutional, but not the social and fiscal relevance of the issue. The state courts face the burden of resolving the fiscal base disparities issue in terms of their own constitutional requirements. While the outcome in various states may vary, many observers believe that the issue will remain alive until equitable state

funding mechanisms are implemented. The New Jersey Supreme Court has already moved to eliminate the use of inequitable tax bases as a determinant of state aid.

Local Level

The central consideration in local government source funding is the property tax. In 1970, local governments raised $39 billion in revenue from local sources; $33 billion (85 percent) of this total was derived from property taxes, primarily the tax on real estate. Nearly half ($17.4 billion) of all local property taxes were expended for public education, and the relative portion has probably increased since 1970.

The difficulties with the real property tax are many and well-known. The tax is determined on an ad valorem basis which means that the amount of the tax for each property owner is directly proportional to the appraised value of the land and buildings. The prime difficulty lies in determining and setting the appraised or assessment value. Most state laws or constitutions call for an assessment value on each property reflecting what a willing buyer would pay to a willing seller under open market conditions. Some states prescribe that market value shall be considered but not controlling. The difficulties increase markedly in determining assessment values for industrial, commercial and natural resource property which, under the laws of many states, must also be assessed according to market value and taxed at uniform rates.

Difficulties related to property taxation are felt in all types of jurisdictions, but particularly in urban areas. Here, burgeoning metropolitan area growth coupled with the flight of the white middle class, has left core cities with a restricted property tax base, high tax rate, and increasing funding requirements to meet local needs. The clamor of the so-called taxpayers revolt focuses, perhaps mistakenly, on the property tax. Presidential response to this pressure late in 1971 resulted in a request to the Advisory Commission on Intergovernmental Relations to explore the use of a value-added tax as a substitute for the residential property tax used for school purposes. The investigation did not recommend such a change, but it did opt for improvements in property tax administration.

Adjustments, corrections and improvements can be made in the utilization and administration of property taxation. Most observers feel, however, that it will continue to provide the basic source of revenue of local government. State take-over of public education funding would, of course, provide much local relief. That course of action remains only a promise of the future in the vast majority of states.

These are the factors to be considered in appraising the dominant role of local government in funding public libraries. They provide heavy evidence that a substantial shift is required if we hope to sustain a viable pattern of public library services.

The Problem of Meeting Different Needs

Readership patterns and library service requirements vary and are changing further. The question must be asked whether losses or shifts in readership are due to a lack of responsiveness of the public library or lack of adequate funding, or both.

> Transactions of both print and non-print media showed a 12 percent decline nationwide, decreasing from 634 million transactions in 1965 to 560 million in 1968. The only increase in number of patron transactions occurred in the smaller cities (25,000-34,999) which showed a 6 percent increase. The decline was greatest (16 percent) in the largest communities, those having a population of 100,000 and over.[1]

The change in this measure of demand would appear to be quite significant--not only is the utilization of library services decreasing nationally, the decrease is disproportionate in the larger cities where public libraries originated and have their longest tradition of service. At the same time, in a number of jurisdictions, suburban demand for library services is increasing.

The problem of marked differences in core city and suburban public library utilization is compounded by the fact that expenditures for the diminishing services of core city libraries are increasing. Per capita expenditures of library systems serving populations over 100,000 doubled from 1960 to 1968. These increased costs may reflect expanded efforts of urban libraries as they seek to meet new

challenges and new service needs. They also may reflect the more or less fixed expenditure patterns of library bureaucracies whose traditional services are increasing in cost, but not in relevance for meeting the needs of core city residents. In either event, hard-pressed city budget administrators and executives are likely to require more justification for their support of these services, or to reduce budgets accordingly.

The role of state and Federal fiscal policy mechanisms in this kind of situation seems clear. They should provide leadership and guidelines for local government officials to follow in the support of public libraries, and, to the maximum extent possible, provide a flow of funds which can best assist and match local fiscal effort.

Relationship to Public School Libraries

It seems clear that in further defining and sharpening role and mission, closer organizational, functional and fiscal linkages must be developed between the public library and school libraries within the public education establishment. The goal is not merger of the two systems or the absorption of one by the other. Rather, the objective is to seek a creative and enriching mixture of the two systems to provide improved and coordinated services in all communities with the minimum duplication of services at taxpayers expense.

Today's scene in both functional areas is turbulent. Public education can be described as a battleground. It is a highly compartmentalized, bureaucratized governmental institution which, as noted earlier, is now receiving severe criticism for performance failure and its lack of full relevance to basic societal needs. A substantial part of the struggle in public education, perhaps not as visible as the fiscal, reflects the dynamic forces of basic change which are beginning to become operative. Evidence that public education is breaking out of its restraining concepts and rigid forms is emerging. Hopefully, educational goals and structures will be broadened to reflect increased concern for the quality of life, a concern that emphasizes the "sensibility" about which Molz has spoken in The Metropolitan Library. To the extent that these changes emerge, and to help make them happen, there is a need for strong, functional linkages between the public education and public library systems.

Structural and Organizational Problems

Finally, there are a number of structural and organizational problems affecting public libraries at state and local levels that need to be mentioned.

1. Local government can be viewed as the delivery system for many governmental services, including public libraries. Typically, state statutes permit local units of government to establish public

libraries, and grant authority for their fiscal support, frequently in the form of a prescribed maximum tax rate. In many instances, that prescribed tax rate which was designed as a guarantee of fiscal support has become, with the passage of time and rising costs, an inadequate ceiling on revenues and expenditures. The larger point is that the prevalent use of permissive legislation provides not much in the way of incentive or urgency for the establishment and aggressive development of local public library services. There is little in the way of permissiveness in the state delegation of local public education responsibilities.

2. In most states, the traditional state library was created to serve the special library and archive needs of the state capitol clientele. Over the years, this agency in many states has led the way in not only providing direct service, but also in extending library services to local communities. In a national perspective, the role of the state library agency is crucial to the development of the pattern of public library services envisioned in this report. It is in the national interest to stimulate and support the strengthening of the state library agency to perform this task. What is required is an agency which is clearly charged with aggressive leadership responsibility for statewide development of adequate public library services, and equipped structurally and administratively to carry out this task.

3. Important goals in designing any governmental organizational structure or plan are (1) to provide easy access to the top executive and legislative leaders of the state and (2) to

provide the means of formulating and implementing sound, progressive policies and procedures which are responsive to changing needs.

The pattern of state organization for administration of public library services varies. Boards and commissions heading up state library organizations are commonly used. Some of these are independent administrative agencies; others may be advisory to the library unit housed in the state education department or some other department of state government. There is some research available which concludes that library agencies operating within state educational departments fare better, according to budget and other administrative criteria, than library units located elsewhere in state government. There are strong proponents for the use of independent administrative boards or commissions on the specific grounds that they provide direct access to the legislative and the governor. Other observors are critical of the plural executive form of organization. While more research is needed in this area, clearly no one organizational form can be prescribed for all states. The central criterion is that the state agency must be able to demonstrate substantial political clout at the highest levels of state government, and it must be supported by increasingly strong, vigorous constituencies at state and local levels. Whatever form is used, the criteria indicated above should be applied to evaluate its effectiveness.

B. Alternative Options for Funding the Public Library

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One of the problems in formulating a set of alternative options for funding the public library is the difficulty of estimating the total national cost of a viable pattern of public library services. In this report, some effort has been made to assess fiscally and comparatively the status and level of services which now exists. In general terms, the report has been bluntly critical of the distribution, scope, pattern and content of existing services. It has been noted that total expenditures by states and localities for public library services (including Federal funds) was $814 million in 1971-72.

An effort also has been made to characterize and describe the potential role and functions of the public library in meeting the defined needs of a modern society. The points have been made with emphasis that the present system of funding the public library is basically deficient, and that the institution is an underdeveloped national resource. In its present form and at its present level of expenditure, it has not achieved anything like its full potential of service in most communities.

Based on the $814 million national expenditure described above, the per capita rate of expenditures in 1971-72 was approximately $4.00. An exemplary program, such as found in

Nassau County, New York, cost just under $12.00 per capita in the same year. Current calculations for Nassau County indicate a present cost level of almost $14.00 per capita. Thus, it would seem reasonable that a more adequate rational program of public library services could reflect a per capita cost range of $8.00 - $10.00. Total national expenditures might then approximate a range of between $1.7 billion and $2.1 billion, based on 1974 population estimates. This would seem to be a more realistic national expenditure figure on which to formulate a set of alternative options for funding the public library.

There is a series of five options that can be considered in developing alternative systems for financing public library services. For purposes of this discussion which follows, they can be identified as: (1) status quo featuring no change from the present system, (2) a retrenchment of the Federal Government financing role, (3) direct Federal funding at a 75-90 percent of total cost level, (4) expanded state funding role to the 75-90 percent level, and (5) a staged funding program moving toward a balanced intergovernmental funding system. These alternatives are intended as a strategic, rather than an exhaustive grouping of possible options. Each will be examined in terms of the possible advantages, disadvantages and problems their implementation would entail in achieving the level and nature of public library services envisioned in this report.

1. Status quo

The difficulty of discussing a status quo or no change option is that, as this report makes clear, change itself is a prime feature of the present system. This is particularly true at the Federal level in relation to revenue sharing, the cutting-off of the categorical funding programs and, currently, the formulation of a new kind of Federal initiative. While it is difficult to predict the outcome of present discussions, it is certain that whatever the final formulation of the Federal program, it will have a decided effect on state and local financing patterns.

One formulation of a status quo option would be to assume zero funding of LSCA and a complete reliance on general and special revenue sharing to provide Federal funds for local library services. Based on the evidence to date of (1) the meager success of local public libraries in competing for local revenue sharing funds, and (2) the very modest response of states, under the prodding of ten years of LSCA to provide adequate levels of state funding, the outcome of implementing this kind of option seems very clear. In the present and foreseeable future climate of municipal finance, it is not likely that public libraries will be able to greatly improve their bargaining position for the tight local tax dollar. This is particularly true in urban centers where demands are greatest and where the disparities between needs and resources are most marked. Under present community

development patterns, the tight local tax dollar will also increasingly represent a barrier to library development in many suburban communities. Even now, suburban communities are facing substantial and increasing municipal service and school costs, and they frequently are not equipped with the kind of tax base to easily meet new needs. Static and developing rural communities are characterized by both unrecognized needs and an undeveloped tax base and governmental organization framework. It is unlikely that rural local government will assign appropriate priority to the development of local library services.

A potential bright spot in the local government scene, in the context of their will and capability of developing improved public library services, is at the county level. Counties have the geographic size, resources and governmental capability to implement improved patterns of public library services. The current ground-swell of interest and activity in county home-rule is an added plus factor. On the other hand, less sanguine observers point out that counties have been "emerging" for at least a decade or two and, as yet, can hardly be called a viable form of area-wide government. There is also the problem that the development and provision of an adequate fiscal support base for a county program of library services must be coordinated with the diffused pattern of local services which now exists. Other emerging forms of regional governmental organizations, based on cooperative

agreements among units of local government, can also be useful in developing improved local public library services. Their limitation is that they rarely have their own financing base, nor are they empowered to levy taxes against any local government tax base.

With respect to the state response under a status quo option featuring zero Federal support under LSCA and a reliance on general and special revenue sharing, the likely picture of the future is not brighter for development of a modern program of public library services. It can be argued that even the direct prodding of an LSCA has not produced the level of state fiscal response that is required, or that might be reasonably expected. Part of the problem is related to the low political visibility of public libraries, both at local and state governmental levels. In addition, as discussed earlier, the state organization for the development of public library services, in most instances, cannot be described as providing vigorous and aggressive leadership with easy access to the executive and legislative centers of political and fiscal power. State legislation is typically permissive, constrained, and lacks a firm mandate for full, continuing development of high standard public library services available to all citizens. Improvements must be made in these areas before substantially increased state funding can be expected.

Another factor that must be viewed as detrimental to achieving an upgraded state administrative and fiscal role

is the Balkanizing impact of Federal revenue sharing itself. Two-thirds of revenue sharing funds are directed to local governments for the support of a wide range of services, including public libraries. States have the mandate for the development of public library services, yet they can neither guide nor direct the utilization of local revenue sharing funds in this or any other program area. It is also difficult to design an adequate state fiscal support system for public libraries that can be coordinated with a stable pattern of use with respect to local revenue sharing funds.

All things considered, it seems apparent that a status quo option, featuring zero funding of LSCA and full reliance on general revenue sharing funds, is not a likely candidate for insuring the development and continuing fiscal support of a nationwide modern program of public library services. The form and nature of special revenue sharing programs have not yet emerged from the Congress, and it would be entirely speculative to attempt to evaluate their impact. It can be stated with assurance that to achieve the kind of public library services envisioned in this report, any such Federal or related state funding programs must (1) provide substantial relief for the overuse of local tax dollars in this area, and (2) direct the use of such funds toward specific measures to improve the distribution, content and quality of such services.

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A second formulation of the status-quo option would feature complete reliance on LSCA and a writing-off of any possible impact from revenue sharing funds. Some observers would argue that a writing-off of revenue sharing funds in relation to local public library services is only a nuance away from present reality. It has been noted earlier that the latest actual use report indicating the amount of revenue sharing funds used for public libraries is indeed quite small. Continued reliance on LSCA in its present form is perhaps not so bleak a picture. The key, of course, is the extent to which LSCA can induce substantial increases in state funding for public library services. It has been pointed out both that the states have lagged, but also that demonstrable progress has been made. Again, a prime factor in improving state performance in this area is to strengthen the form, impact, and mandate underpinning state public library organization and legislation. A plus factor indicating that the time is ripe to move on this front is that states currently enjoy an improved fiscal and tax base position. Partially offsetting that factor is Serrano-Priest related pressure for substantially enlarging the state fiscal role in support of public education. Such action might make substantial inroads in state level unused taxing capability.

The weaknesses of the LSCA have been pointed out. The legislation projects neither the concept nor the urging of a Federal role in developing and maintaining a program of

public library services designed to meet the informational, educational, and cultural needs of an industrialized nation. Other weaknesses include the authorization-appropriations gap, the inefficiency of "floor" or minimum grants to each state, and the absence of clout in evaluating and administering the state plan requirement. These weaknesses, coupled with the fact that the level of Federal funding, historically and currently, under the Act has been nowhere near the level required to constitute a viable intergovernmental partnership for public library development, give rise to serious questions on future performance.

2. Retrenchment of the Federal financing role

This option would feature a complete withdrawal of Federal funding for the development of public library services, and will be considered here without substantive reference to general or special revenue sharing programs. Defined in this way, the option focusses directly on the Federal role question in supporting and maintaining public libraries. What it really says is that it is inappropriate for the Federal government to participate in such a program, and that fiscal support of the institution is a matter to be determined by the states and localities without Federal direction or intervention. The option, of course, flies in the face of the developmental history of public libraries guided and stimulated by the LSCA and the President's recent statement, cited earlier. It should be noted, however, that realistically,

it is not far removed from the Federal position of zero funding described above. Reliance on local and state governments to make effective use of revenue sharing funds for public libraries can be viewed as tantamount to withdrawal of substantive Federal interest.

The question of the Federal role in this program area can be approached on both fiscal and philosophic grounds. Fiscally, of course, thanks to the income tax and an expanding economy, the Federal Government represents the largest single source of tax receipts. While we worship at the shrine of localism in this country, we have permitted the centralization of large components of our tax resources at Federal and state levels. The revenue sharing program itself is evidence of this fact and the need to return a small portion of these funds to states and municipalities. As previously pointed out, the concept of revenue sharing originally was not encumbered with the concomitant elimination of categorical support programs. There is, then, no basis for the withdrawal of Federal support for fiscal reasons.

On the philosophic side, major emphases of this report have been to examine the developmental history of public libraries and to assess their present and prospective future potential for meeting the needs of a modern society. The intrinsic worth of the public library institution as a national resource and its, as yet, unrealized developmental

possibilities for meeting these needs has been emphasized. Certainly there is no underlying philosophic rationale that can be cited to support a complete Federal withdrawal.

On the other hand, because of the particular developmental history of the public library and the functions which it can and should perform, there are indeed valid reasons for retaining and strengthening the Federal role. The public library is chronologically an old institution and it emerged out of perceptions of need which stimulated the interest and fiscal support of private benefactors. Its entry as a publicly-financed program supported as a full responsibility of government came late and, as a matter of fact, is still emerging. The Federal and support program itself is less than two decades old. States have been slow to respond to library development needs for a whole variety of reasons, but they have developed new and strengthened activities as a result of a modest Federal stimulus. The institution has a quiet political posture and, while aggressive actions are needed in this area, it may be the inherent nature of the public library to project a quiet social image. It may be that such an image is both an aspect of its vulnerability and an essence of its strength as it seeks to provide a wide range of information and educational services to all. Certainly no one suggests that public libraries should serve only a selected clientele, or that the materials which it offers should be selected to reflect only certain viewpoints. The public library's image of social objectivity and openness to all is beyond question.

Thus, because of the historical circumstances which characterize the emergence of the public library as a governmental institution, and because of the unique and broad social purposes which it serves, it can be argued that a strong Federal administrative and fiscal role is essential to its future development. To the extent that such a role is implemented fully to insure an equitable distribution of adequate public library services, it may one day be diminished or withdrawn. This analysis makes clear that such a time is in the distant future.

3. Federalized library system: 75-90 percent level

Theoretically, it is possible to postulate a system of public libraries Federally funded, according to standards, at a 90 percent or higher level of actual costs. In terms of efficiency and a strategically directed distribution of services to achieve comparable coverage in all parts of the nation, such an optional course would rank high. It would thus be possible to exploit fully the development and application of the latest technology to provide wide accessibility to scarce reference material, and to maximize service at the lowest possible cost. Using such a plan, it would be easier and more efficient to coordinate such a program with library service programs funded under ESEA Title II, the Higher Education Act and other library-related Federal assistance programs. The Library of Congress could be viewed as the administrative arm of the Federal Government for directing

and supervising the operation of the proposed system. In spite of the apparent rationality that can be advanced in support of this option, the negative aspects and the sheer improbability are overwhelming factors. Federal absorption of costs to the tune of $814 million, let alone the $1.7 billion or $2.1 billion level of funding suggested in this report as more realistic, staggers the political, if not the fiscal, imagination.

Apart from such ethereal issues, the fact is that the public library is nothing if it is not a community-based agency. Proximity is an important, if not essential, ingredient, notwithstanding the most sophisticated technology. Local library boards and community relations may be faulted for not producing a more active, aggressive political constituency to insure a higher level of fiscal support, but they constitute a vital link to the local community. The quality, perhaps the very existence, of these grass-roots relationships would be greatly diminished or destroyed under a federalized system. No one who seeks a strengthening of the Federal role is likely to propose a completely federalized public library system.

4. Expanded state funding role: 75-90 percent level

On a scale comparable to the federalized public library system described above, this option features virtual state take-over of public library financing. At the lower level of

the range (75 percent), this alternative would include both complementary Federal and local financing. At the higher level (90 percent), it would likely include either a minor amount from Federal or local sources, but not from both.

The option is similar to substantive proposals for revision of the public education financing system, and the problems to which such proposals are a response are comparable. Within each state there are wide disparities between educational needs and the tax resources required for meeting these needs on an equitable basis. State equalization formulas and grant systems have been designed to deal with the problem, but many represent only partial or inadequate solutions. The Serrano-Priest issue elevated the debate to the U.S. Supreme Court which invalidated the constitutional, but not the substantive question. As indicated earlier, the state courts are expected to resolve the issue.

Theoretically, a stronger and more feasible case can be made for state take-over of the public library financing burden than for the federalized system described above. The state is much more closely related to local municipalities and the states have a well-recognized mandate for the development of public library services. While this report is critical of state public library administrative machinery and legislative bases, they do exist and are operative. Under the stimulus of LSCA, state plans have been developed and there is growing

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awareness of the need for effective, state-wide patterns of public library services. Some state programs are exemplary and have strong administrative and fiscal support.

Although there is a problem of inter-state disparities in terms of tax resources, there is little doubt that most states could absorb the increase in expenditures required to assure the present level of public library service costs and, over time, to progressively move to the higher plateaus proposed in this paper. It has been pointed out that the states currently are in an improved fiscal position and have the unused tax capacity to increase state spending.

Under this option, the difficulty of inter-state disparities in fiscal capacity could be reduced by a Federal input designed to alleviate some or all of the problem, at least in those states which deviate markedly from national averages. Local tax contributions could be designed on a modest incentive basis to insure an appropriate degree of local involvement in the planning and development of an improved public library system.

The prime weakness of this option, of course, is that there is no sure way of making it happen on a nationwide basis. Federal input, even at a 15 or 20 percent level, is probably not sufficient to either require or insure progressive state level response required for improved public library services. Experience under LSCA provides only partial and incomplete

evidence, at this stage, of effectiveness of the Federal stimulus. Moreover, state executives and legislators may not respond well to the challenge of vastly increased state support in the present revenue sharing climate. After all, the lion's share of revenue sharing funds is directed toward the local level and public library support is one of the identified objects for which such funds can be expended. These constitute severe, if not disabling, difficulties in the possible implementation of this alternative plan.

5. Balanced Intergovernmental Funding System

The distinguishing feature of this alternative is indicated by use of the term "balanced" and the notion, as specified below, that such a system can be attained on a staged basis over time, or revised in accordance with new circumstances and changing developmental conditions. Such a notion is perfectly in accord with the definition of federalism as a dynamic, not static, partnership of Federal, state and local governments. Moreover, the term "balanced," as used in the formulation of this option, does not refer wholly, or even primarily, to an equilibrium based on precisely measured fiscal resources. Rather, the word is intended to reflect the degree of fiscal and administrative commitment required by each level of government to achieve the content and quality of public library services commensurate with the needs of a modern society.

One feature of this alternative system would be designed to redress the obvious fiscal imbalance of the present system in which local governments, collectively, provide more than 80 percent of the total cost of a sub-standard pattern of services. The rationale for this change reflects a response to a number of key factors previously cited: (1) public library services are at present inequitably distributed to serve total population needs; (2) local municipalities, particularly urban communities, are increasingly constrained in their fiscal ability to upgrade and expand, or even maintain, the present level of public library services; and (3) the inherent difficulty that public libraries have in developing the aggressive political constituencies and clout to win a higher proportion of tight local tax dollars.

Another feature would be directed toward defining and, to the extent possible, requiring an increased level of state fiscal support for public library services. Clearly, for reasons already discussed in this report, the state is the logical and appropriate agency to assume primary responsibility for the maintenance and progressive development of such services. It has both the mandate and the untapped fiscal resources to do the job. Observers of the LSCA program over the years have pressed for increased utilization of these funds to establish and equip viable state library administrative organizations, and they were on point.

Any plan to achieve improved library services accessible to all citizens which does not feature increased state administrative and fiscal support carries with it a great burden of proof.

Still another feature would establish a Federal administrative and fiscal involvement substantially greater than the LSCA design. The Federal government would establish the planning and administrative capability to prepare its own national plan and program for the development of fully adequate public library services. The Federal funding program would be at a level commensurate with the task of inducing a higher level of state support, and in a form designed to insure that kind of state response. States would be required to prepare and submit plans specifying their objectives and action agendas to achieve defined goals. Plans would be substantively reviewed, approved and audited to evaluate progress toward defined goals and to determine eligibility for future funding.

To some, this formulation of a Federal role might seem a replication of the LSCA design. It is not. What is proposed is a new and broader kind of Federal commitment geared to nothing less than an expanded and improved pattern of public library services for the nation. The intermediate and implementing objective is to insure development of an intergovernmental fiscal support system capable of

achieving that goal. The expensive and inefficient "floor" payments under LSCA would be jettisoned in favor of payments geared to a fixed, perhaps decreasing, percentage of adjusted standard costs applied to plan approved programs and services. State and local ability to support such services and developmental programs would be taken into account. The plan device would be strengthened and would be used, in expanded scope, as the basis for goal-oriented Federal-state administrative and fiscal relationships.

The inevitable question arises: what should be the level or range of Federal, state and local governments sharing in this kind of upgraded program? In this connection it should be pointed out that the question should be addressed in terms of a total expenditure level moving steadily upward from $814 million toward something approaching the $2 billion figure cited earlier. To achieve this progression over the time, perhaps 10 years, required to establish upgraded and expanded public library services, it would seem logical to use a staged approach. In such a formulation, the Federal proportion could start at a level of 30 percent of total cost and decrease to 20 percent over the time period. The state proportion could start at 20 percent and increase to 50 percent, and the local level could start at 50 percent and decrease to 30 percent. This kind of approach (the figures are not intended to be precise) would insure immediate relief for the over-taxed local jurisdictions,

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provide increased funds from state and Federal governments to launch needed program improvements and also provide for a strategic intergovernmental fiscal support system capable of achieving the goal over a ten year period of time. The ultimate degree of involvement, as represented by the final percentage figures - 20 percent Federal, 50 percent state, and 30 percent local - reflects adequately an appropriate level of continuing interest and involvement by each governmental level.

The plan outlined is not intended as a precise prescription. It can be faulted, perhaps, as being impractical, even visionary in approach and design. It is intended, however, as a broad outline representative of the key features of an alternative funding system which accords with the scope, content and quality of the public library program envisioned in this report. Moreover, it provides a broad promise of a progressively improved public library program and rather immediate relief from the unbalanced present system under which the demise of the public library institution can be anticipated with much certainty.

SECTION IV

FOOTNOTES

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1. Kathleen Molz, "The Federal Role in Support of Public Libraries," Issue Paper, United States Office of Education Draft, February 18, 1972, pp. 9-10, unpublished.

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